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REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1992-1993

Report of the External Auditor on the accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the financial period 1992 - 1993 ended 31 December 1993*

CONTENTS

	Paragraphs	Page
LETTER OF TRANSMITTAL		4
Chapter		
I. REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND OF THE INDUSTRIAL DEVELOPMENT FUND FOR THE FINANCIAL PERIOD 1992-1993 ENDED 31 DECEMBER 1993	1 - 218	4
GENERAL	1 - 6	4
SUMMARY OF FINDINGS AND CONCLUSIONS	7 - 42	4
BUDGETARY, ACCOUNTING AND FINANCIAL REPORTING PROCEDURES	43 - 90	7
Regular budget assessed contributions income	43 - 46	7
Regular budget implementation	47 - 50	7
Regular budget unliquidated obligations	51 - 55	9
Regular Programme of Technical Cooperation	56 - 58	12
Regular budget accounting and reporting procedures	59 - 66	12
I. Commitments approved for future fiscal periods	59 - 65	12
II. Gains/lossses on exchange	65 - 66	13
Operational budget implementation	67 - 74	13
Tax Equalization Fund - Treatment of accounts receivable	75 - 78	15
Unliquidated obligations - UNDP operating fund	79 - 84	16
Advances for seminars and study tours for technical cooperation activities	85 - 90	17
CASH MANAGEMENT	91 - 95	18
Bank reconciliations	91 - 95	18
Contracts and purchases	96 - 119	18
Written policies and procedures	96 - 99	18
The roster of vendors and the roster of industrial consultants	100 - 104	19
Management of purchase and contract files	105 - 110	19

* The present document has not been edited.

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CONTENTS (continued)

Chapter		Paragraphs	Page
	Contract for the provision of travel agency services	117 - 119	20
	TECHNICAL COOPERATION	120 - 139	20
	Project expenditure - financial information	120 - 124	21
	Financial completion of projects	125 - 133	21
	Field audits	134 - 139	21
	ELECTRONIC DATA-PROCESSING SYSTEMS	140 - 161	23
	Financial information	140 - 145	23
	Distribution of EDP non-staff costs	146 - 149	26
	A system for managing, controlling and auditing automation projects (SMCA)	140 - 154	26
	Formal standards concerning end-user computing	155 - 158	27
	Providing back-up for key-users	159 - 161	27
	PERSONNEL MATTERS	162 - 212	27
	Financial information on the staff costs of substantive departments of UNIDO	162 - 163	27
	The organizational structure of UNIDO	164 - 177	27
	General information	164 - 165	27
	Outline of the main organizational changes during the period 1986-1992	166	28
	External audit, comments and considerations	168 - 169	30
	(a) The SIDFA and JPO support service	170 - 171	30
	(b) The Project Review and Appraisal Division	172 - 173	30
	(c) The Industrial Operations Support Division	174	30
	(d) The Human Resource Planning Unit	175	30
	(e) Denomination of Components	176	31
	(f) Industrial Technical Promotion Division - Programme Development Support Unit - Project Personnel Recruitment and Administration Service	177	31
	The 1993 Staff Reduction Exercise	179 - 185	31
	Staff mobility and rotation	186 - 188	33
	Representation of women in the Secretariat	189 - 192	33
	Recruitment of consultants	193 - 196	33
	Performance appraisal report	197 - 203	34
	Home leave travel	204 - 208	34
	General conclusions and recommendations	209 - 212	35
	OTHER MATTERS	213 - 217	35
	Draft finance manual	213 - 215	35
	Amounts written off, cases of fraud or presumptive fraud, and ex-gratia payments	216 - 217	36
	Acknowledgement	218	36

Annexes

I.	Field audit	36
II.	List of tables	38
II.	CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND OF THE INDUSTRIAL DEVELOPMENT FUND FOR THE FINANCIAL PERIOD 1992-1993 ENDED 31 DECEMBER 1993	39
III.	FINANCIAL STATEMENTS FOR THE 24-MONTH PERIOD OF THE BIENNIUM 1992-1993 ENDED 31 DECEMBER 1993	39

CONTENTS (continued)

		Page
Statement I	General Fund: Status of appropriations for the biennium 1992-1993 as at 31 December 1993	40
Schedule 1.1	General Fund: Appropriations for the biennium 1992-1993	41
Schedule 1.2	General Fund: Schedule of income for the biennium 1992-1993	42
Schedule 1.3	General Fund: Status of appropriations by major object of expenditure for the biennium 1992-1993 as at 31 December 1993	43
Statement IIA	General Fund: Statement of income and expenditure for the biennium 1992-1993	44
Statement IIB	General Fund: Statement of surpluses due to Member States as at 31 December 1993	45
Schedule 2.1	General Fund: Savings on liquidation of 1990-1991 obligations by major object of expenditure	46
Schedule 2.2	General Fund: Status of appropriations for the biennium 1990-1991 as at 31 December 1993	47
Statement III	General Fund: Statement of assets, liabilities and surpluses as at 31 December 1993	48
Schedule 3.1	Status of assessed contributions to the regular budget (as at 31 December 1993)	49
Schedule 3.2	General Fund: Cash balances as at 31 December 1993	58
Schedule 3.3	General Fund: Statement of source and application of funds for the biennium 1992-1993 as at 31 December 1993	59
Statement IV	Working Capital Fund: Statement of assets and principal of Fund as at 31 December 1993	60
Schedule 4.1	Status of advances to the Working Capital Fund as of 31 December 1993	61
Statement V	General Fund: Tax Equilization Fund	68
Statement VI	Special account for programme support costs	69
Schedule 6.1	Support cost cash balances as at 31 December 1993	70
Statement VII	Technical cooperation activities executed by UNIDO	71
Schedule 7.1	Industrial Development Fund: UNIDF/IDF statement of pledges and receipts, as at 31 December 1993	72
Schedule 7.2	Summary of transactions on subaccounts of the Industrial Development Fund for the biennium 1992-1993 as at 31 December 1993	77
Schedule 7.3	Technical cooperation activities financed by trust funds: Schedule of income and expenditure and fund balance for the biennium 1992-1993	78
Schedule 7.4	Summary of UNDP-financed technical cooperation activities during the biennium 1992-1993	82
Annex I	Notes to the financial statements	83
Annex II	Self-liquidating activities	90
Annex III	EDP Services Revolving Fund	92
Annex IV	Computer Model for Feasibility Analysis and Reporting (COMFAR) Developing Fund	93
Annex V	Estimates of contingency liabilities for end-of-service payment for UNIDO staff	94

LETTER OF TRANSMITTAL

Sir,

I have the honour to present to the Industrial Development Board through the Programme and Budget Committee my report and audit opinion on the financial statements of the United Nations Industrial Development Organization for the financial period 1992-1993 ended 31 December 1993, which incorporate the financial statements of the Industrial Development Fund for the same biennial period.

For information purposes, I enclose also copies of my audit opinion on the statements showing, as at 31 December 1993, the status of funds advanced by the United Nations Development Programme to the United Nations Industrial Development Organization.

Accept, Sir, the assurances of my highest consideration.

[signed]
Jeroom L. E. VAN de VELDE
Senior President of the Court of Audit,
Belgium
External Auditor

Enclosures

The President of the
Industrial Development Board
through the Chairperson of the
Programme and Budget Committee
UNIDO
A-1400 VIENNA
AUSTRIA

I. REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND OF THE INDUSTRIAL DEVELOPMENT FUND FOR THE FINANCIAL PERIOD 1992-1993 ENDED 31 DECEMBER 1993

GENERAL

1. I have audited the accounts of the United Nations Industrial Development Organization (UNIDO) for the financial period 1 January 1992 to 31 December 1993 in accordance with article XI of the Financial Regulations of UNIDO and the "Additional terms of reference governing the audit of UNIDO" annexed thereto.

2. Since the financial statements of the Industrial Development Fund (IDF) for the period 1 January 1992 to 31 December 1993 have been incorporated in the UNIDO financial statements for the fiscal period ended 31 December 1993, the results of the external audit examination of the accounts of IDF for the financial period under review have been included in the present report.

3. The audit was carried out by staff of the Belgian Court of Audit at UNIDO Headquarters in Vienna and in field offices in Jakarta, Indonesia, and Bangkok, Thailand. The examinations were performed in accordance with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. Moreover, I have participated during the 1992-1993 biennium in the deliberations of the Panel of External Auditors of the United Nations and the audit team has maintained liaison with the Internal Audit Unit of UNIDO in Vienna.

4. The scope of my audit of the UNIDO accounts and activities during the fiscal period 1992-1993 included the following trust areas: budgetary, accounting and financial reporting procedures, cash management, contracts and purchases, technical cooperation activities, including field project procedures and activities, electronic data-processing systems, personnel matters including the organizational structure of UNIDO, representation of women in the Secretariat, the performance appraisal reporting system, recruitment of consultants, home leave travel arrangements, the 1993 staff reduction exercise and staff mobility and rotation.

5. In line with established audit practice and procedures the findings and conclusions contained in the present report have been discussed by the audit team with senior officials of the Organization and their comments and observations have been incorporated in the report where possible and appropriate.

6. On the basis of the contents of the relevant parts of the present report, I shall report separately to the governing bodies of the United Nations Development Programme (UNDP) on the results of my audit of the accounts and activities of UNIDO as an executing agency of UNDP during the financial period 1992-1993. My audit opinion on the statements showing the status of funds advanced to UNIDO by UNDP and by UNDP-administered trust funds as at 31 December 1993, however, has already been forwarded, as requested, to the latter organization.

SUMMARY OF FINDINGS AND CONCLUSIONS

7. The collection rate of regular budget contributions from Member States was unsatisfactory throughout the period 1986 to 1991 and deteriorated even further during the biennium 1992-1993.

8. The unutilized balance of regular budget appropriations and the provisional excess of regular budget income over expenditure at the end of the second year of the biennium 1992-1993 compare unfavourably with the corresponding figures for prior fiscal periods. This situation is due to continuing cash flow difficulties as well as to the effects of various contigency measures taken by the Secretariat in the course of the 1992-1993 period.

9. Our review revealed further that the amount of regular budget unliquidated obligations carried forward to the 12-month period following the biennium 1992-1993 compares unfavourably with the corresponding amount for the biennium 1990-1991, but does not seem excessive when compared with the corresponding figures of the prior bienniums in general. In this connection we observed also that the procedures for the follow-up and treatment of prior biennium obligations had not been strictly

adhered to by the Administration during the year 1992 and that, at the end of the year 1993, not all certifying officers had complied with the new instructions on the subject.

10. For the fiscal period 1992-1993 the full implementation of the 6 per cent (regular budget) technical cooperation appropriation rule laid down in Annex II.B to the UNIDO Constitution remains to be demonstrated to the policy-making organs at the end of the 12-month period following the biennium.

11. Contrary to the provisions laid down in UNIDO financial rules 104.3 and 109.6 (b) no accounting records were kept of the commitments entered into prior to 31 December 1993 but for which disbursements will be made in the 1994-1995 or in future bienniums.

12. Moreover, the balance of the general fund exchange accounts as at 31 December 1993 was debited/credited to miscellaneous income, which constitues a formal departure from the applicable financial rule 110.7.

13. We noticed, furthermore, that throughout the biennium 1992-1993 UNIDO had to cope with lower-than-estimated support cost income levels, resulting in an excess of expenditure over income in an amount of $7.87 million in the operational budget as at 31 December 1993. This budgetary deficit has been financed from unencumbered fund balances as well as from part of the mandatory operational budget reserves carried forward from prior fiscal periods.

14. It appeared that Administration has informed the policy-making organs of UNIDO repeatedly, extensively and in a timely manner about developments in connection with the financial situation of the operational budget of the Organization. However, no clear and explicit proposals have been made by the Secretariat or decisions have been taken by the policy-making organs of UNIDO with regard to the precise conditions and modalities for the actual utilization of the 15 per cent mandatory operational budget reserve decided by the Programme and Budget Committee in 1989.

15. Our audit also revealed that the Tax Equalization Fund of the Organization was closed on 31 December 1992 and that for the outstanding amount of taxes reimbursed by UNIDO to staff of one Member State during the period 1986 to 1991 - and therefore reimbursable by that Member State to UNIDO - an obligation has already been raised against the 1992-1993 biennial regular budget.

16. Our follow-up review of the unliquidated obligations of the UNDP operating fund indicated that in 1992 and 1993, the share of unliquidated obligations in the total expenditure compares favourably with the corresponding figures for previous years and that efforts were made to process field interoffice vouchers in a more timely manner. However, the audit exercise also revealed that the existing procedures for the review of the validity of the unliquidated obligations at the end of the accounting period are still not completely adhered to and that the elaboration of new procedures, ensuring a more effective financial administration, is necessary.

17. Our audit also revealed that advances for seminars and study tours, financed from technical assistance funds are recorded under cash accounts, while in accordance with generally accepted accounting standards they should be considered as receivables. We also noticed that the balances of the outstanding advances for seminars financed from IDF at the end of 1993 are rather high and that they partly relate to amounts advanced more than one, two or even three years ago. The delays in the clearance of advances can affect the reality of the figures reported as "cash" in Statement VII and this should have been disclosed and quantified in the notes to the financial statements.

18. We examined the reconciliation of the balances of UNIDO's bank accounts, as at 31 December 1993, with those of the relevant bank statements. We observed that in 48 per cent of the files reviewed the year-end reconciliation had not been performed. In many reconciliation files bank statements were missing and we did not find evidence of any proceedings with a view to obtaining the missing statements.

19. Notwithstanding the fact that we received a draft version of the manual on policies, procedures and rules governing the activities of the Contracts and Purchase Sections in September 1992 and our comments and recommendations concerned were discussed with the Administration in October 1992, so far no definitive and official version of the manual has been distributed.

20. We noticed that Purchase Section re-established its roster of vendors in 1992 and Contracts Section updated its roster of consulting companies in 1993. Although these exercises have improved the utility of the rosters, Purchase Section does not frequently make use of it.

21. Our audit revealed that in general the number of competitive quotations requested is rather low for purchases involving commitments with a value below $20,000.

22. Our review of a representative sample of 20 purchase files and 20 contract files revealed a number of inaccuracies and inconsistencies that demonstrate the need for firm and clear policies, procedures and systems providing the staff involved with concrete guidance on how to handle and complete files, documents, databases, records, etc.

23. The new contract for the provision of travel agency services was awarded without formal competitive bidding and published advertisement though the contract proposal involved a commitment of more than $1 million. Our audit revealed that basic contract law principles were not applied correctly in some cases.

24. An analysis of the expenditure for technical cooperation activities during the period 1986 to 1993 indicates that over the period 1988 to 1990 overall expenditure increased constantly, but that from 1991 onwards the Organization started to experience a decline in technical cooperation activities, due to a sharp reduction of UNDP funding. The positive upward trend of the expenditure financed by IDF and trust funds were sufficient only to compensate partly for the decrease of UNDP expenditures and moreover these IDF and trust fund resources also decreased in 1993.

25. We observed that the financial completion of projects needs to be speeded up. We appreciate that, in line with our recommendations, new instructions and procedures have been established in this respect. Although, compared with 1992, the situation improved remarkably in 1993, we recommended that further efforts should be made to get all projects financially completed within 12 months after their operational completion.

26. A field audit revealed that UNIDO did not draw up an industrial programme for Indonesia as prescribed in the Handbook for UNIDO Field Staff and that there is a lack of real impact of UNIDO's contribution to the UNDP programming mechanism, resulting in a limited amount of indicative planning figure (IPF) projects assigned to UNIDO.

27. For a project in Indonesia, on which UNIDO and the Government placed high priority, no IPF funds were available from UNDP headquarters. This case clearly demonstrates the weakness of the former tripartite relationship, marked by a prolonged project identification and formulation process, often resulting in a mere loss of effort and money, as well as in considerable frustration experienced by all parties involved.

28. From the examination of procedures for the management of projects and an audit of 13 projects in the field, we noticed that, in general, projects are administered satisfactorily and in conformity with UNDP and UNIDO guidelines. Our audit revealed, however, that most of the projects reviewed could not be implemented as scheduled in the project documents and within the initial project budget. We therefore brought a few areas to the attention of Management where, in our view, the Organization should take action.

29. Our review of the electronic data-processing (EDP)-related expenditures disclosed that the 1992-1993 EDP programme, as a whole, was executed within the budgeted resources. This was achieved through the saving of 13.53 per cent of the budgeted staff costs, and 8.16 per cent of the budgeted non-staff costs. We also observed that for the 1992-1993 biennium total EDP expenditures stayed approximately on the same level as the 1990-1991 expenditures.

30. The implementation of a charge-back system for EDP-related non-staff costs was announced for the programme and budgets, 1992-1993, but we found that it has been used in the budget document for presentation purposes only.

31. Regarding the implementation and functioning of a system for managing, controlling and auditing automation projects, we examined some major procedural activities in the development phase of the automated requisition system (a part of an integrated requisition, purchase and contract (RPC) system). We noticed the absence of official records of the few meetings held on that project, a relatively low level of end-user participation and the lack of an adequate quality review/quality assurance (QRA) exercise. The RPC system was afforded highest priority by Andersen Consulting, but only the contract management information system (CMIS) was operational at the time of our audit.

32. Our examination in respect of end-user computing revealed that:

(a) One year after the survey on the inventory of UNIDO PC applications and databases had been agreed, no results are available;

(b) Management Information Services (MIS) is not in the position to adequately assist end-users in developing PC-based applications.

33. During our audit of the EDP programme we remarked also that for some important functions no back-up officials have been designated. The Secretariat admitted that several critical systems are run without professional back-up and agreed that this was a serious weakness in MIS.

34. With regard to UNIDO personnel policies we noticed that throughout the period 1986 to 1992 the organizational structure was subject to continuous review. An evaluation of the actual results of a sample of these reorganization exercises revealed that:

(a) It is not clear why some transfers of organizational components were necessary;

(b) Most reorganizations involved the establishment of new divisions or branches that were sometimes removed or even disappeared afterwards;

(c) The frequent use of new denominations does not simplify the reading of flow charts, especially when one is not familiar with all details of the structure of UNIDO;

(d) All restructurings and reorganizations were not always considered and documented as required;

(e) Job descriptions were sometimes not changed or adapted to the new functions and staff already on board were often simply moved to the new entities;

(f) No ex ante cost/benefit analyses in respect of the restructurings were carried out;

(g) Pros and cons of the reorganizations could have been weighed and assessed more thoroughly.

35. During the staff reduction exercise in 1993 the procedure of agreed termination was the course of action to terminate appointments. It took place in two phases. During a first period, priority was given to voluntary measures and most requests of staff members for leaving were accepted. As a second step, some staff members were selected by the Secretariat for agreed appointment termination. With regard to the termination indemnities we noticed that the staff regulations and rules are not clear and precise enough and that equality of treatment between staff members is not always warranted. Our audit also revealed that the costs of the 1993 reduction exercise reached an amount of more than $7 million. We noticed in this regard that another more economical and appropriate policy could have consisted in the non-extension of more fixed-term appointments.

36. We learned that only a few staff members of UNIDO have moved temporarily to the field. Though the benefits for UNIDO are sometimes questionable, most of the staff concerned were nevertheless promoted.

37. We observed a noticeable disparity between men and women at UNIDO when it comes to promotion to the P-5 and higher levels since there is a marked difference in the average age of both groups. Our audit also revealed that the staff reduction programme seriously affected the representation of women at the senior level (50 per cent).

38. We noticed that in case of recruitment of consultants, no written justification is given to the recruitment section about the candidate proposed by the requesting office so as to warrant that the right person will be recruited. We also noted that, contrary to the provisions of the Staff and Financial Rules of UNIDO, the special service agreements provide for lump sum payments including, apart from the fee, travel costs and other entitlements.

39. Our audit revealed that the new performance appraisal report system introduced in 1989 is still not correctly applied; some reports are drawn up with delay, or not at all; the work assignments are rarely described prior to the reporting period and some contradictions appear in the appraisals. Consequently, the new system does not always serve its purpose.

40. With regard to the new contract for the provision of travel agency services, our audit revealed that the discount offered by the contractor is not taken into account when the Secretariat calculates the staff members' entitlements for home leave travel.

41. In general and judging from Management's replies to our observations, it would seem advisable for the Secretariat to pay due regard to the frequent complaints regarding the inadequate staffing situation in the Division of Administration and in its vital sections such as Accounts and Payments Section in particular. The Organization might benefit also from the establishment of an independent staff inspection body or unit as well as from a more flexible personnel recruitment policy, particularly in the Professional-level category in the substantive departments of UNIDO, along the lines of a generalized and professionally attractive fixed-term recruitment.

42. So far still no official version of the UNIDO finance manual has been distributed because the Secretariat does not want to finalize and publish this document before the new Financial Regulations and Rules of UNIDO are adopted.

BUDGETARY, ACCOUNTING AND FINANCIAL REPORTING PROCEDURES

Regular budget assessed contributions income

43. The assessed contributions receivable from Member States in respect of the 1992-1993 regular budget of the Organization amounted to $200,091,271 (valued at the December 1993 rate of US$ 1 = AS 12.00). Of this amount, a total of $163,276,432 or 81.6 per cent, was received by 31 December 1993, leaving an outstanding balance of $36,814,839.

44. Thus, the cumulative unpaid assessed contributions of $39,924,386 as at 31 December 1993 included $3,109,547 or 7.8 per cent due in respect of the 1990-1991 and prior fiscal periods.

45. In this regard, we noted in particular that 57 Member States accounting for 53.4 per cent of the scale of assessments for 1992-1993 had no outstanding balances of assessed contributions to the UNIDO regular budget as at 31 December 1993. On the other hand, 75 Member States accounting for 7.9 per cent of the 1992-1993 scale of assessments had not contributed to the financing of the 1992-1993 regular budget of the Organization during the year 1993 and 48 Member States accounting for 1.07 per cent of the scale of assessments had not contributed to the regular budget for the current biennium throughout the 1992-1993 period. Furthermore, two Member States accounting for 33.37 per cent of the 1992-1993 scale of assessments had accumulated 57.5 per cent ($21,149,257) of the total of outstanding assessed contributions for the 1992-1993 biennium as at 31 December 1993. Moreover, the arrears in respect of prior bienniums' assessments as at 31 December 1993 ($2,954,027, new Member States' contributions not included) were due from 48 Member States, six of whom accounted for 62.8 per cent ($1,855,688) of the total amount.

46. A summary of relevant data regarding the status of unpaid assessed contributions from Member States to the UNIDO regular budget throughout the 1986-1993 period is provided in tables 1, 2 and 3.

Regular budget implementation

47. Out of the total (gross) appropriations of $204,312,644 (valued at the average rate of exchange for the 1992-1993 period of US$ 1 = AS 11.26) for the regular budget of the Organization in respect of the biennium 1992-1993, a sum of $193,009,012 was expended as at 31 December 1993 leaving an unused (gross) balance of $11,303,632.

48. The net unutilized balance of appropriations in the amount of $11,083,522 at the end of the second year of the biennium 1992-1993 thus represented 5.5 per cent of the appropriations that compares unfavourably with the corresponding unutilized balance figures for the prior fiscal periods: $361,147 or 0.3 per cent of the appropriations for 1986-1987; $731,292 or 0.5 per cent for 1988-1989 and $2,055,708 or 1.2 per cent for the 1990-1991 fiscal period. Similarly, the provisional excess of regular budget income over expenditure at the end of the second year of the biennium 1992-1993 amounted to $8,674,693, compared with $361,147 for 1986-1987; $1,521,997 for 1988-1989 and $5,340,096 for the biennium 1990-1991 (see table 4).

49. On this subject, we noticed also that the actual implementation rate varied considerably between the individual major objects of expenditure of the regular budget of UNIDO for the 1992-1993 fiscal period. This did not, however, significantly affect the basic expenditure distribution pattern of the UNIDO regular budget as such (see tables 5 and 6).

Table 1

REGULAR BUDGET

Status of assessed contributions unpaid, 1986-1993
(In United States dollars)

Status as at (a)	For the biennium 1986-1987 (b)	1988-1989 (c)	1990-1991 (d)	1992-1993 (e)	Total (f)
31 December 1986	16,496,226	-	-	-	16,496,226
31 December 1987	26,140,533	-	-	-	26,140,533
31 December 1988	2,953,466	23,763,254	-	-	26,716,720
31 December 1989	904,350	31,203,654	-	-	32,108,004
31 December 1990	515,366	4,730,210	28,942,294	-	34,187,870
31 December 1991	180,666	1,704,131	28,698,921	-	30,583,718
31 December 1992	148,882	630,135	10,825,224	28,842,871	40,447,112
31 December 1993	142,944	475,694	2,490,909	36,814,839	39,924,386

Table 2

REGULAR BUDGET

Status of assessed contributions unpaid, 1986-1993
(In per cent of total assessments for year or biennium)

Status as at (a)	For the biennium 1986-1987 (b)	1988-1989 (c)	1990-1991 (d)	1992-1993 (e)
31 December 1986	29.2	-	-	-
31 December 1987	22.6	-	-	-
31 December 1988	2.6	30.8	-	-
31 December 1989	0.8	21.0	-	-
31 December 1990	0.4	3.2	32.8	-
31 December 1991	0.2	1.1	16.7	-
31 December 1992	0.1	0.4	6.3	28.0
31 December 1993	0.1	0.3	1.4	18.4

Table 3

REGULAR BUDGET

Status of assessed contributions unpaid in respect of the current and first prior biennium, 1988-1993
(In United States dollars)

Status as at (a)	Amount (b)	Annual average for the current biennium (c)
31 December 1988	26,716,720	29,412,362
31 December 1989	32,108,004	
31 December 1990	33,672,504	32,037,778
31 December 1991	30,403,052	
31 December 1992	39,668,095	39,486,922
31 December 1993	39,305,748	

50. The Secretariat has explained in this regard that the delay in payment or the non-payment of assessed contributions to the regular budget by Member States indeed continued to cause cash-flow difficulties throughout the period 1992-1993. The resulting uncertain financial situation under the regular budget of the Organization had a negative impact on the implementation of the programme and budget during the 1992-1993 biennium. In order to cope with this situation, contingency measures were introduced by Management in 1992. These measures were applied throughout the 1992-1993 fiscal period and they included, inter alia, restrictive recruitment, higher-than-budgeted vacancy rates, hold-backs of appropriations for non-staff items of expenditure, disbursements at levels that permitted the retention of cash balances sufficient to meet the unliquidated obligations for the 1992-1993 biennium, and strengthening the statutory cash resource base of the Organization by obtaining permission for the non-budgetary (temporary) allocation of unutilized balances of 1990-1991 appropriations in the amount of $8,746,822 (Annual Reports of UNIDO 1992 and 1993 - documents IDB.11/10 and IDB.12/2).

Regular budget unliquidated obligations

51. The unliquidated obligations carried forward to the 12-month period following the biennium 1992-1993 totalled $16,165,675 or 7.2 per cent of the total regular budget expenditure for the 1992-1993 fiscal period. This compares unfavourably with the corresponding amount for the biennium 1990-1991 ($9,843,155 or 5.1 per cent of the biennial expenditures) but does not seem excessive when compared with the corresponding figures in respect of prior bienniums in general (see table 7).

52. The overall level of regular budget unliquidated obligations at the end of the second year of the biennium 1992-1993 obviously also reflects the continuing cash-flow difficulties and the effects of the various contingency measures taken by the UNIDO Secretariat in the course of the period under review. At the level of individual major programmes and major objects of expenditure the share of unliquidated obligations in the total expenditures reached markedly above the general average for the major programmes "Policy-making Organs" (14.9 per cent) and "Common Programmes" (28.1 per cent) as well as for the major objects of (net) expenditure "Acquisition and improvement of premises" (41.7 per cent), "Supplies and materials" (38.5 per cent), "Acquisition of furniture and equipment" (30.2 per cent), "Technical cooperation (Regular Programme)" (25.1 per cent) and "General Operating Expenses" (17.9 per cent).

Table 4

REGULAR BUDGET

Unutilized balances of appropriations and biennial excesses of income over expenditure, 1986-1993
(In United States dollars)

Status of (a)	Biennium 1986-1987 (b)	1988-1989 (c)	1990-1991 (d)	1992-1993 (e)
Unutilized balance of appropriations (gross) at the end of the second year of the biennium	685,306	2,817,785	5,793,472	18,114,311
Unutilized balance of appropriations (net) at the end of the second year of the biennium	361,147	731,292	2,055,708	11,083,522
(Provisional) excess of income over expenditure at the end of the second year of the biennium	361,147	1,521,997	5,340,096	8,674,693
Final excess of income over expenditure for the biennium	4,377,386	6,496,192	8,746,822	-

Table 5

GENERAL FUND

Status of appropriations by major object of expenditure
for the biennium 1992-1993 as at 31 December 1993
(In United States dollars)

Major object of expediture	Appropriations for the biennium 1992-1993 a/				Total expenditure	Balance of appropriations
	US$	AS	US$ equivalent at rate US$1=12.90	US$ equivalent at rate US$1=11.26		
(a)	(b)	(c)	(d)	(e)	(f)	(g)
100 - Salaries and common staff costs	14,883,300	1,524,364,900	133,051,122	150,262,066	143,753,533	6,508,533
200 - Travel on official business	1,356,600	26,241,000	3,390,786	3,687,062	2,706,049	981,013
300 - Contractual services	256,000	5,884,900	712,194	778,638	603,392	175,246
400 - General operating expenses	556,700	172,349,100	13,917,095	15,863,014	13,594,839	2,268,175
500 - Supplies and materials	140,800	8,871,500	828,513	928,678	903,204	25,474
600 - Acquisition of furniture and equipment	42,700	6,813,700	570,894	647,824	613,601	34,223
700 - Improvement of premises	300,000	-	300,000	300,000	300,000	-
800 - Technical cooperation	1,184,200	123,472,900	10,755,743	12,149,822	12,133,814	16,008
A00 - EDP non-staff costs	390,100	72,450,300	6,006,402	6,824,407	6,358,566	465,841
900 - Other expenditure	1,933,800	123,154,370	11,480,651	12,871,133	12,042,014	829,119
Total	21,044,200	2,063,602,670	181,013,400	204,312,644	193,009,012	11,303,632

a/ Based on the gross appropriations for the regular budget (programmes) of the Organization in 1992-1993, approved by the General Conference of UNIDO in paragraph 2 of resolution GC.4/Res.27 of 22 November 1991.

Table 6

REGULAR BUDGET

Expenditure by major object of expenditure category at the end of the second year of the bienniums, 1986-1993

(In per cent of total (gross) expenditure for the biennium)

Major object of expenditure	Biennium			
	1986-1987	1988-1989	1990-1991	1992-1993
(a)	(b)	(c)	(d)	(e)
Salaries, other personnel costs	67.1	68.3	70.9	71.0
Travel	1.8	2.2	1.8	1.2
Operating expenses	17.5	17.4	15.0	12.6
Other	13.6	12.1	12.3	15.2
Total	100.0	100.0	100.0	100.0

Table 7

REGULAR BUDGET

Status of unliquidated obligations and savings on the liquidation of obligations, 1987-1993

Status of unliquidated obligations as at 31 December of the second year of the biennium	Biennium			
	1986-1987	1988-1989	1990-1991	1992-1993
(a)	(b)	(c)	(d)	(e)
In United States dollars	10,169,712	16,997,057	9,843,155	16,165,675
In per cent of total regular budget expenditure	7.6	9.8	5.1	7.2
Total of savings realized on the liquidation of obligations (in United States dollars)	3,687,220	1,876,917	2,242,258	-

53. In this connection we observed in general that the procedures for the follow-up and treatment of prior biennium obligations (financial regulation 4.2 (c)) had not strictly been adhered to by the Administration during the year 1992. Although the relevant procedures had been streamlined further, meanwhile in the instructions regarding the "time table for the closure of the 1993 accounts and assessment of outstanding obligations", we noted nevertheless that only 14 out of a total of 31 certifying officers contacted had complied with the request from APS to report in writing on the final review of unliquidated obligations as at 31 December 1993. We therefore informed Management that, in our opinion, the review of outstanding obligations at the end of the biennium, prescribed by the financial regulations and rules of UNIDO, had not completely and adequately been performed as at 31 December 1993.

54. Having regard to the staffing situation in APS during the process of the closure of the 1992-1993 accounts, Management believed that the utmost effort had been made to comply with the Organization's legislative requirements in respect of the review of unliquidated obligations: both certifying officers and budget coordinators were supplied with timely reports on the status of unliquidated obligations not only throughout the financial period, but especially with every December accounting run and they have been made aware of the importance of their review and urged to respond promptly.

55. We advise, nevertheless, that additional internal control measures be taken at all management levels within the Division of Administration and also in other Divisions in order to ensure full compliance with the legislative requirements regarding regular budget outstanding obligations review and reporting in the future.

Regular Programme of Technical Cooperation

56. For the regular budget major object of expenditure "Regular Programme of Technical Cooperation" the sum of $10,755,700 appropriated by the General Conference for the biennium 1992-1993 at an exchange rate of US$ 1 = AS 12.90 was adjusted in 1993 in accordance with Annex II.B of the UNIDO Constitution to $12,149,800 at an exchange rate of US$ 1 = AS 11.26 following the adjustment formula shown in resolution GC.4/Res.27.

57. In connection with the actual implementation of the Regular Programme of Technical Cooperation for the biennium 1992-1993, the UNIDO Secretariat has stated that "in order to ensure full implementation of the funds available by the end of the biennium, a policy of over-programming was followed in 1993" (cf. Annual Report of UNIDO, 1993, chap. VIII, para. 2, p. 105). This stated UNIDO policy explains the regular programme expenditure pattern for 1992-1993 as shown in table 8 as well as the volume of the 1992-1993 regular programme unliquidated obligations as at 31 December 1993 ($3,046,240 or 25.1 per cent of the total expenditure).

58. In this respect, external audit wishes to warn in general against the technique of the reservation of regular budget appropriations beyond the 24-month period of a biennium because such practice is not permitted under the applicable financial regulations and rules of UNIDO (cf. regulation 4.2 (a) and (b) and rule 104.1) and also tends to disrupt established budgetary and cash management monitoring and control procedures. Moreover, the full implementation of the 6 per cent technical cooperation appropriation rule laid down in Annex II.B of the UNIDO Constitution remains, under the circumstances, for the biennium 1992-1993 to be demonstrated to the policy-making organs at the end of the 12-month period following the biennium (in the Statement of final regular budget expenditure for 1992-1993 by major object of expenditure and/or in the schedule of savings on the liquidation of 1992-1993 regular budget obligations by major object of expenditure).

Regular budget accounting and reporting procedures

I. Commitments approved for future fiscal periods

59. The notes to the financial statements of UNIDO for the biennium 1992-1993 record commitments entered into prior to 31 December 1993 but for which disbursements will be made in the 1994-1995 or in future bienniums as follows (table 9):

Table 8

REGULAR PROGRAMME OF TECHNICAL COOPERATION

Expenditure by major object of expenditure component for the biennium 1992-1993 as at 31 December 1993

Regular programme components (a)	Expenditure for the biennium 1992-1993 as at 31 December 1993 (In thousands of US dollars) (b)	Expenditure percentages 1992 (c)	1993 (d)	1992-1993 (e)
IDDA	4,562.3	12	88	100
Training	3,680.5	24	76	100
Other components	3,890.9	27	73	100
Total		20	80	100

Source: Annual Report of UNIDO, 1993 (IDB.12/2), appendix C.

Table 9

Commitments recorded and reported as at 31 December 1993

Fund Fund (a)	Amount of commitment (In millions of US dollars) (b)	Reference a/ (c)
General Fund	15.9	Note 2
IDF	5.3	Note 5
Trust funds	3.0	Note 6
UNDP	8.3	Note 7
COMFAR	0.1	Note 10

a/ Notes referred to are in the financial statements.

60. In this regard, it is explained in Note 1(p)(ix) to the financial statements that "commitments are disclosed in the notes to the financial statements of the respective fund rather than reported as a separate liability item as has been previously the practice."

61. At the time of the examination of the draft financial statements of UNIDO for 1992-1993, external audit has observed that this commitment accounting and financial reporting procedure constitutes again a formal departure from the legislative prescriptions on the subject, especially with regard to the regular budget (General Fund) of the Organization. UNIDO financial rules 104.3 and 109.6(b) indeed stipulate clearly that "a record in the accounts of all such commitments shall be maintained" and that "at the end of a fiscal period, the commitments shall be charged to a deferred charge account". We therefore inquired about the reasons for the described procedural change in 1992-1993 and for not including any commitments for EDP non-staff costs (in particular in respect of the 1994-1995 biennium) in the commitment summary notes dealing with the General Fund (regular budget) and the special account for programme support costs (operational budget). We inquired also whether steps have already been taken by the Secretariat to bring the legislative provisions regarding commitment accounting and reporting in line with the actual procedural practice.

62. Management replied that it is aware that the disclosure of commitments for future fiscal periods as a note to the financial statements does not follow financial rule 109.6. It considers, however, that this presentation is more appropriate in that it avoids inflating the assets of the Organization, which arise when reporting commitments as deferred charges in the statements. In prior bienniums, these deferred charges exceeded, by far, all other assets of the Organization. As the link between deferred charges and commitments is not immediately evident, the inclusion of these items in individual statements of assets and liabilities might be misleading to the reader. Financial Services will propose an amendment to the Financial Rules of UNIDO to bring the relevant legislative provision in line with actual procedures.

63. Management explained furthermore that they were not able to establish records of commitments against future regular budget appropriations as part of the accounting system, similar to those maintained for technical cooperation projects. The unfavourable staffing situation of APS made it impossible to address this problem during the biennium 1992-1993 and, as was the practice in previous years, Financial Services was therefore reliant on data provided by Contracts Section. Financial Services were advised by Contracts Section in particular that, as at 31 December 1993, negotiations of contracts in respect of the UNIDO computerization programme had not been finalized and that therefore, financial liabilities for future bienniums could not be estimated.

64. External audit advises that steps should be taken by the Administration as soon as possible to bring the relevant legislative provisions of the Organization in line with the actual reporting procedures regarding commitments for future bienniums. In the light of past experience also, external audit insists and urges nonetheless that meanwhile priority attention should be given by UNIDO Financial Services to the introduction of a reliable regular and operational budget commitment recording and accounting (internal control).

II. Gains/losses on exchange

65. It is explained in Note 1, (o)(iv) to the financial statements, as at 31 December 1993 that "... on the closing of the accounts at the end of each fiscal period, the balance of the exchange accounts is debited/credited to miscellaneous income which constitutes a formal departure from UNIDO's financial rule 110.7". Thus, a net loss on exchange in the amount of $2,204,876 is reported under total C of the UNIDO General Fund Schedule 1.2, Schedule of income for the biennium 1992-1993.

66. The presentation format adopted by the Secretariat is indeed perfectly valid on practical and methodological grounds but it constitutes nevertheless a formal departure from UNIDO financial rule 110.7 requiring that "on the closing of the accounts for the fiscal period, the balance in the account for the loss or gain on exchange shall be debited to the budget account if there is a net loss ..." Since Administration has informed us that no steps have been yet taken to amend financial rule 110.7 in line with the actual accounting and reporting practice for the treatment of exchange losses, external audit recommends strongly that if UNIDO wishes to continue the 1992-1993 accounting and reporting practice on this subject in the future the provisions of UNIDO financial rule 110.7 should be amended accordingly as soon as possible.

Operational budget implementation

67. Throughout the biennium 1992-1993, UNIDO experienced a decline in technical cooperation activities and thus had to cope with lower-than-estimated support cost income levels in its operational budget. The operational budget expenditures, which consist mainly of salaries and other personnel costs, however, could not be reduced significantly in 1992-1993 compared with the previous fiscal period ($40.3 million in 1992-1993 and $41.7 million in 1990-1991). As the total actual operational budget income for 1992-1993 eventually fell back below the 1988-1989 biennium level ($32.4 million for 1992-1993 and $34.1 million for 1988-1989), the excess of expenditure over income in the UNIDO operational budget for the fiscal period 1992-1993 amounted to $7,872,287 as at 31 December 1993 (see table 10).

68. A breakdown per calendar year of the actual operational budget income and expenditure figures for the biennium 1992-1993 shows furthermore that the expenditure reductions effected by the UNIDO Secretariat had begun to stabilize and balance the overall operational budget situation to some extent during the year 1993 at a $15 million per annum level (see table 11).

69. The final budgetary deficit in the amount of $7,872,287 arising from the excess of expenditure over income for the 1992-1993 biennium has been financed from unencumbered fund balances ($4,225,049 as at 31 December 1991) as well as from part of the mandatory operational budget reserves ($5,504,190 as at 31 December 1991) carried over from prior fiscal periods. The total of the remaining (mandatory) reserve balance on the UNIDO operational budget thus stood at $1,856,952 at the end of the biennium 1992-1993 (see table 12).

Table 10

SPECIAL ACCOUNT FOR PROGRAMME SUPPORT COSTS

Income and expenditure, 1986-1993
(In United States dollars)

(a)	Biennium 1986-1987 (b)	1988-1989 (c)	1990-1991 (d)	1992-1993 (e)
roved budget estimates (expenditure)	23,492,700	34,200,000	35,723,000	49,234,900
ual income				
NDP	19,070,977	21,810,637	23,225,523	16,267,416
DF	3,738,221	5,377,072	6,953,978	6,256,598
ther	4,437,896	6,900,871	10,104,199	9,896,856
Total income	27,247,094	34,088,580	40,283,700	32,420,870
ual expenditure				
alaries and other personnel costs	31,534,233	28,886,749	39,603,792	36,227,971
ther	607,866	1,535,061	2,123,293	4,065,186
Total expenditure	32,142,099	30,421,810	41,727,085	40,293,157
ess of income over xpenditure	(4,895,005)	3,666,770	(1,443,385)	(7,872,287)

Table 11

SPECIAL ACCOUNT FOR PROGRAMME SUPPORT COSTS

Income and expenditure for 1992 and 1993
(In millions of US dollars)

(a)	1992 (b)	1993 (c)
me	17.5	14.7
nditure	22.8	17.4
ss of income over expenditure	(5.3)	(2.7)

Source: Annual Reports of UNIDO, 1992 and 1993 (IDB.10/10 and IDB.12/2).

Table 12

SPECIAL ACCOUNT FOR PROGRAMME SUPPORT COSTS

Assets, liabilities and fund balances, 1987-1993
(In United States dollars)

(a)	31 Dec. 1987 (b)	31 Dec. 1989 (c)	31 Dec. 1991 (d)	31 Dec. 1993 (e)
	7,524,588	14,897,478	11,211,702	2,321,510
unts receivable	58,468	311,956	36,559	175,680
r assets	256,299	242,532	5,435,029	4,308
otal assets	7,839,355	15,451,966	16,683,290	2,501,498
advance UNDP	-	2,513,892	-	-
unts payable/other liabilities	64,178	543,348	5,305,153	183,127
quidated obligations	413,910	1,366,689	1,648,898	461,419
ating reserve	2,442,077	5,125,725	5,504,190	5,504,190
otal liabilities	2,920,165	9,549,654	12,458,241	6,148,736
excess of income over expenditure	(4,895,005)	3,666,770	(1,443,385)	(7,872,287)
ansfer to reserve	(163,680)	2,683,648	378,465	-
ansfer from reserve for reporting	-	-	144,587	-
balance	4,919,190	5,902,312	4,225,049	(3,647,238)

70. In this regard, we recalled that:

(a) UNIDO financial regulation 4.1(c) instructs the Director-General to monitor income and expenditure under the operational budget at any time and to take initiative to reduce expenditure as soon as it becomes clear that actual income will not be sufficient to support expected expenditure levels;

(b) Throughout the period 1986-1989, an operating reserve was maintained under the operational budget of UNIDO, "in accordance with Administrative Instruction SI/AI/286 of 3 March 1982";

(c) The Programme and Budget Committee in its conclusion 1989/4 (i), requested the Director-General "pending conclusion of the expected debate on successor arrangements for the UNDP formula for reimbursement of support costs" to fix the mandatory reserve under the operational budget at 15 per cent of the estimated budget expenditure for the biennium 1990-1991;

(d) In annex V to the UNIDO financial statements for the biennium 1992-1993, the operating reserve under the operational budget (Statement VI) is qualified by the Secretariat as a "contingency reserve".

71. We therefore asked to be informed about the financial management of the operational budget during the 1992-1993 fiscal period and we inquired in particular whether formal approval by the policy-making organs was sought (in advance) by the Secretariat for the (modalities of the) utilization of (part of) the operational budget "operating/mandatory/contingency" reserves in 1992-1993.

72. In reply to our queries, the Secretariat outlined in detail and in chronological order the various measures that were taken during the biennium 1992-1993 to stabilize the operational budget, while preserving the capacity of the Organization for technical cooperation delivery. The Secretariat pointed out also that the policy-making organs of the Organization were informed of the deteriorating financial situation of the operational budget as early as March 1992 and Administration referred in particular to the guidance provided by these organs on several occasions in 1992 and 1993 with regard to the financial management of the operational budget (documents IDB.9/16, IDB.9/CRP.5, PBC.8/18, PBC.8/CRP.4, IDB.10/27, PBC.9/8, IDB.11/6, IDB.11/6/Add.1, GC.5/26 and GC.5/14/Rev.1 as well as decisions and conclusions IDB.9/Dec.13, PBC.92/5, IDB.10/Dec.6, PBC.93/2, IDB.11/Dec.30 and GC.5/Dec.14).

73. External audit acknowledges in this regard that the policy-making organs of UNIDO have been informed repeatedly, extensively and in a timely manner by Administration about developments in connection with the financial situation of the operational budget of the Organization. The fact remains nonetheless that at no stage in the course of the period 1992-1993 were clear and explicit proposals made by the Secretariat or decisions taken by the policy-making organs of UNIDO with regard to the precise conditions and modalities for the actual utilization of the 15 per cent mandatory operational budget reserve decided by the Programme and Budget Committee in 1989. External audit is therefore not in a position to express an opinion on the legality and the regularity of the actual expenditure of the major part of the mandatory operational budget reserve for the purpose of the 1992-1993 programme and budget implementation by the Administration.

74. In the same context, external audit draws attention to the fact that PBC conclusion 1989/4 (i) itself was not accompanied by or supplemented with any operational policy guidelines regarding the purpose, the scope and the objectives of the imposed 15 per cent mandatory operational budget reserve. External audit advises therefore that, with a view to improving and streamlining further the monitoring and control of the operational budget of UNIDO in the future, the policy-making organs of the Organization might wish to provide the Administration with key operational policy guidelines on the subject of the practical management of such budgetary reserves in general.

Tax Equalization Fund - Treatment of accounts receivable

75. Note 3 of the notes to the financial statements of UNIDO for the biennium 1992-1993 as at 31 December 1993 explains that, following the adoption of UNIDO financial regulation 5.3 on tax equalization (GC.4/Res.23), the Tax Equalization Fund of the Organization was closed on 31 December 1992. In this regard, the Secretariat stated that the tax reimbursement agreement between UNIDO and the Government of the United States of America, signed on 26 March 1993, provides for reimbursement to the Organization of taxes paid or owed on UNIDO institutional income, earned on or after 1 January 1992 by staff members paid from the regular budget. The Secretariat concludes that reimbursement of taxes paid on income earned during the period 1986 to 1991 in the amount of $950,490 may therefore not be recovered (although negotiations with the Government of the United States of America are continuing). This amount has therefore been transferred to the UNIDO General Fund and an obligation in the same amount has been established against 1992-1993 appropriations.

76. In this regard, we noted in particular that:

(a) The official UNIDO accounts and financial statements always have treated and shown the Tax Equalization Fund as a mere bookkeeping account that was never actually funded;

(b) No proposals were made by the Director-General at any time and no decision was taken by the policy-making organs of UNIDO with respect to the budgetary and financial treatment of any outstanding balances (of reimbursed taxes) in the Tax Equalization Fund of the Organization at the time of the amendment of the applicable financial regulation or as a result of the tax reimbursement agreement with the Government of the United States of America of 26 March 1993.

77. On these grounds, external audit has questioned the legislative and technical validity of the procedure followed by the Secretariat for the further treatment of the outstanding balances in the UNIDO Tax Equalization Fund in respect of the period 1986-1991, as reflected in the financial statements of the Organization for the biennium 1992-1993 as at 31 December 1993. We inquired in particular about the necessary

legislative and budgetary-technical authority for the establishment by the Administration of an obligation in the amount of $950,490 for reimbursed 1986-1991 taxes against the 1992-1993 regular budget appropriations. We also asked to be informed why the outstanding balance of reimbursed taxes due by the Government of the United States of America could not be kept after 31 December 1992 and 31 December 1993 as valid accounts receivable of the UNIDO Tax Equalization Fund established and governed by UNIDO General Conference decision GC.2/Dec.25, para. (b), of 12 November 1987.

78. On our queries Management explained that this complex issue had been the subject of discussions and protracted negotiations between UNIDO and the United States authorities for a considerable period of time. An exchange of letters on the one hand shows that the Secretariat believes the amounts in question are refundable by the United States Government, but on the other hand that in its view the United States Government has no obligation to refund these amounts to the Organization. Under these circumstances it was considered prudent to raise an obligation against the 1992-1993 biennial budget to provide for the possibility that the reimbursement might not be forthcoming. It is the Secretariat's view that negotiations on this subject cannot continue indefinitely. Should the United States Government agree to accept the liability to make the refund, the obligation would be cancelled and reported as "Savings on liquidation of prior year obligations", thus increasing the surplus due to Member States in respect of the 1992-1993 biennium.

Unliquidated obligations - UNDP operating fund

79. Our follow-up review of the unliquidated obligations of the UNDP Operating Fund (see the report of the External Auditor on the accounts of UNIDO for the financial period 1990-1991 in document IDB.10/4-PBC.8/9, paras. 91-101) indicated that the amount of unliquidated obligations as at 31 December 1993 compares favourably with the corresponding figures for previous years (see table 13).

80. We noted that the efforts for a more timely processing of field inter-office vouchers made during 1992 and 1993 resulted in a reduction of the volume of outstanding unliquidated obligations. Computer printouts of the subsidiary ledger system show a substantial decrease of the value of the vouchers to be processed at year-end ($27.8 million as at 31 December 1991; $13.5 million as at 31 December 1992, and $6.1 million as at 31 December 1993).

81. However, as is evidenced in report 4 annexed to statement I on the UNDP operating fund, still 43 per cent of the total expenditure for subcontracts consists of unliquidated obligations. This can be considered as rather high, taking into account the guidelines specifying the applicable accounting principles for recording unliquidated obligations, set forth in the notes to the accounts for the year 1993 (cf. note 1, p. 83). Pursuant to these notes an obligation can be sustained on the basis of the payment schedule included in the signed contract with the contractor, or where no payment schedule exists on the basis of the estimated timing for payments. In our opinion, if payment schedules for subcontracts are estimated in a realistic manner, unliquidated obligations should normally be exceptional.

Table 13

UNDP OPERATING FUND

Status of expenditures, 1989-1993
(In US dollars)

Year (a)	Unliquidated obligations (b)	Expenditure (c)	Percentage (d)
1989	33,193,764	90,188,554	36.8
1990	39,829,606	108,631,267	36.7
1991	30,813,579	86,876,391	35.5
1992	19,947,314	67,328,372	29.6
1993	12,884,793	63,508,336	20.2

82. Our audit revealed, moreover, that the instructions for the closure of the accounts and the review of outstanding obligations distributed by Financial Services to all certifying officers were not always adhered to. Thus, the status of unliquidated obligations, as at 31 December 1993, could not be reviewed in a proper manner by Purchase Section due to a shortage of staff. Furthermore purchase orders are not stamped - to indicate the budget year to which the obligations relate - as prescribed in the aforementioned instructions. We insisted that in future the instructions should be strictly adhered to and we suggested furthermore that for technical cooperation expenditure all certifying officers should at least be instructed to confirm in writing - as is already the case for the regular/operational budgets - that all obligations contained in the list of unliquidated obligations as at 31 December, meet the criteria set out in the annexes to the instructions.

83. Financial Services Management considered that staff should not be held responsible if certifying officers for whatever reason do not comply with the requirement to carefully review unliquidated obligations. It added that the limited staff resources in APS do not permit constant follow-up with individuals. It furthermore explained that the stamping procedure, prescribed in the instructions, is too time consuming and has been replaced by a computer managed system, and indicated that the instructions will be modified accordingly. Finally, our request for the provision of written confirmation by certifying officers of the validity of unliquidated obligations in respect of technical cooperation projects will also be included.

84. In this respect we want to point out once more that in conformity with financial regulation 9.1 (a)(i) the Director-General shall establish detailed financial rules and procedures in order to ensure the effective financial administration, meaning the correctness of the accounting treatment of the financial transactions in compliance with the accounting policies and practices as set forth in the notes to the financial statements. Moreover, we refer to the UNDP instructions of 1 November 1993 with respect to the 1993 year-end closure of accounts of UNDP and UNDP-administered trust funds that stress the need for agencies to give particular attention to the validity of unliquidated obligations.

Advances for seminars and study tours for technical cooperation activities

85. Our audit revealed that advances for seminars and study tours, financed from technical assistance funds, are recorded under Cash accounts. The balances of these accounts, included in the figures reported in the "Combined statement of assets and liabilities as at 31 December 1993" of Statment VII on "Technical Cooperation activities executed by UNIDO", are shown in table 14.

86. In our opinion these advances should be considered as receivables until the recipient has rendered account for their use. In this respect we referred to the accounting standards approved by the Consultative Committee on Administrative Questions (CCAQ) in its seventy-ninth session (see para. 44) which state that "Receivables" include "interfund receivables and advances, and debit balances and advances under other accounts". Since the advances mentioned in table 14 consist of amounts transferred to the bank accounts of outside entities or persons for the purpose of making payments in connection with a predetermined activity or event sponsored by UNIDO-administered funds, they have nothing to do with imprest cash and can only be considered as advances to be classified under "Accounts receivable".

87. We also noticed that the amounts of the outstanding advances for seminars financed from IDF as at 31 December 1993 are rather high (see table 14) and that from these advances an amount of $320,039 is outstanding since more than one year. Some of these amounts were even advanced more than two years and three years ago. On our queries the responsible officers explained that some of the advances were still not cleared at the end of 1993 because it is very difficult to get all related claims, invoices and final accounts from the recipients of the advances in the field.

88. We recommended that:

(a) In future, advances for seminars and study tours should be accounted for as receivables;

(b) Procedures should be established to make sure that advances can be cleared shortly after the close of business for which they are given;

Table 14

UNIDO TECHNICAL ASSISTANCE FUNDS

Balances of accounts concerning advances for seminars and study tours, as at 31 December 1993

(In US dollars)

Fund	Account	Description	Balance
IDF	DF-042-00-00	Advances seminars - convertible	774,863.59
	DF-042-00-01	Advances seminars-non-convertible	1,103,887.98
	DF-042-00-10	Advances study tours - convertible	232,000.00
UNDP	DP-042-00-10	Advances study tours	11,220.60
Trust funds	GE-042-00-00	Advances seminars	27,146.61
	TF-042-00-00	Advances seminars - convertible	41,165.00
	TF-042-00-10	Advances study tours	7,412.64

(c) Delays in clearing the advances affecting the reality of the figures of the statements should be disclosed and quantified in the notes to the statements.

89. In the Administration's opinion, however, such advances should be included in current assets rather than in accounts receivable, because they represent cash held on behalf of the Organization outside the official bank accounts. It considered this as a valid approach in as much as it also follows the General Ledger pattern designed by the United Nations and is used throughout the common system. It furthermore explained that the follow-up of advances is a normal function of the Financial Management of Technical Cooperation staff and that it does not consider that additional procedures would solve the problems that exist in the area of clearing advances. Regarding our recommendation for a fuller disclosure in the notes to the statements, Management promised to reconsider this item after reviewing the materiality of the advances under the individual sources of funds.

90. We hold, nevertheless, to our recommendations, which are in line with general accepted accounting standards, and we regret that UNIDO's accounting policy with respect to advances for seminars and study tours is not disclosed in the notes to the financial statements (see note 1, (i)).

CASH MANAGEMENT

Bank reconciliations

91. As part of our audit of the financial activities of UNIDO, we carried out a sampling review of the reconciliation of the balances of UNIDO bank accounts, as at 31 December 1993, with those of the relevant bank statements. We examined 23 files. In 11 cases (or 48 per cent) the year-end reconciliation had not been performed. Moreover, in the majority of the files reviewed, the reconciliation was not carried out on a monthly basis as required by financial rule 110.10.

92. In general, the Administration explained that the backlog is due to the shortage of staff but short-term arrangements will help clear this backlog in this area. The Administration futher expressed its concern that, for the future, insufficient staff resources might be available to keep the reconciliations up to date.

93. In one instance (the last reconciliation being performed in August 1993) our examination disclosed that cheques/vouchers, outstanding for more than six months as at 31 December 1993, represented a value of $21,600.28. The list concerning the outstanding cheques and vouchers added to the reconciliation file, also included two cheques issued in November and December 1990. On this matter the Administration argued that at the time of the last reconciliation in August 1993 only cheques issued up to December 1992 were older than six months. Further reconciling work, including follow-up on outdated unpresented cheques, could not be accomplished due to staff shortage.

94. In many instances we also observed that bank statements were missing. The relevant reconciliation files showed no evidence of any proceedings towards the banks concerned in order to request the missing statements. The Administration answered to find it difficult to obtain up-to-date bank statements from a large number of banks. As some accounts were not reconciled as at 31 December 1993, the fact that the year-end statements were not received remained unnoticed and could not be followed up by Treasury.

95. From the Administration's justifications we concluded that shortage of staff was the most important element causing the backlog in the bank reconciliation exercise. In our view, however, timely and regular (monthly) performance of the reconciliation of UNIDO's bank accounts is vital to warrant the correctness of the reported cash situation.

CONTRACTS AND PURCHASES

Written policies and procedures

96. At its fourth session, the General Conference, recalling Industrial Development Board decision IDB.8/Dec.30 and taking note of the report of the Director-General on action taken with regard to observations of the External Auditor (GC.4/43), requested the Director-General to finalize, as soon as possible, preferably before the eighth session of the Programme and Budget Committee in 1992, the compilation of a comprehensive manual containing the formal documentation of administrative policies and procedures of the Organization, especially on purchases and contracts (resolution GC.4/Res.24).

97. At its eighth session (conclusion 1992/4, para. (a)) the PBC took note of the report of the Director-General on the implementation of the recommendations of the External Auditor for the financial period 1988-1989, as contained in document PBC.8/7 of 30 April 1992, stating that the first draft of the manual governing the activities of the Purchase and Contracts Sections had been completed and that it was expected that, after review by the External Auditor, the final version would be ready by the end of 1992. The Committee requested the Director-General (conclusion 1992/4, para. (b)) to finalize the manual as requested in Board decision IDB.8/Dec.30.

98. We received a draft version of the manual at the end of September 1992 and our comments and recommendations on the subject were discussed with Administration in October 1992. On our question, in October 1993, why no final version of the manual was issued and distributed yet, the Administration replied that the manual was completed in May 1993 but that the Director, Financial Services Division, and the Legal Adviser requested not to finalize and to publish it until the Financial Manual - for the preparation of which a consultant was recruited - would be completed also and the new Financial Regulations and Rules of UNIDO adopted. We regret that still no final and official version of the manual has been distributed. We want to stress once more that the findings reflected in our previous reports (cf. paras. 58-87 of our report of 31 May 1988, IDB.4/3-PBC.4/12; paras. 95-135 of our report of 21 May 1990, IDB.7/11-PBC.6/15; and paras. 112-132 of our report of 18 May 1992, IDB.10/4-PBC.8/9, as well as the additional observations made in the present report (cf. paras. 213-215)) demonstrate that the Organization needs definitive policies and procedures and systems covering not only the

principles mentioned in the financial regulations and rules, but also providing the staff with practical guidance on handling and completing documents, databases, records, etc.

99. We furthermore noted that in June 1992 the Secretariat issued new terms of reference for the Committee on Contracts (cf. Director-General's Bulletin UNIDO/DG/B.22/Rev.1). As these new terms include also concrete guidelines for the preparation and submission of proposals to the Committee, they can in our view help to overcome in future most of the inaccuracies and inconsistencies raised in this respect in our above-mentioned reports.

The roster of vendors and the roster of industrial consultants

100. The external audit reviews of the files submitted to the Committee on Contracts in the period 1986-1992, on which we reported in previous reports, illustrated that in many instances the number of bidders invited was too limited and the response rather poor. We also noted that the most important tools for the identification and selection of potential contractors and vendors are the rosters of equipment manufacturers, vendors and consulting companies held by the Purchase and Contracts Sections. We therefore recommended at the time that, in order to improve the efficiency and effectiveness of the calling for competition, the rosters should be revitalized and updated.

101. From the Annual Report of UNIDO for the year 1992 (IDB.11/10-PBC.9/10, chap. VII, para. 31) we now learned that the Purchase Section re-established its roster of vendors in 1992; 1,070 companies were contacted of which 680 have responded and provided updated information. We were informed that the Contracts Section has been further updating its roster, and it will be finalized in 1994. All companies with a registration older than five years (940 in total) were contacted and 479 records were modified, 1,300 companies deleted and 950 questionnaires were sent to new companies. As a result of these activities, the roster at this moment includes information on 2,500 companies and constitutes the largest database of this kind in the whole United Nations system. We appreciate these efforts to improve the utility of the rosters. However, we are of the opinion that it is advisable to establish a procedure that enables a constant identification of new potential vendors and contractors.

102. Moreover, our audit carried out in October 1993 revealed that Purchase Section in particular does not frequently consult its roster before making purchases. In this respect several purchasing officers told us that, in their opinion, the procedures for accessing the existing on-line mainframe system with products coded according to the United Nation Common Coding System (UNCCS) are too difficult and that the roster does not provide the information relevant to their work. They rather prefer to use their own local PC databases, maintained independently from the Management Information Services Division. Staff dealing with headquarters purchases explained that they do not even make use of a computerized roster, but continue to select vendors from reference books and catalogues. We therefore recommended that the purchasing officers should be encouraged to use the advantages offered by the existing roster as much as possible.

103. Administration agreed with our findings and explained that modifications to make the system more user friendly and useful would be considered by the Management Information Services Division at the time the requisition, purchase and contract system reaches the finalization stage. The vendors' roster will then be automatically linked to the RPC system (see also para. 101 above).

104. In our opinion, it is advisable to require that the roster be consulted in all cases and to establish a procedure for monitoring and controlling the actual use of the roster. In this respect we suggest that it should be imperative for purchasing and contracting officers to record in their case files the code numbers of roster consultation.

Management of purchase and contract files

105. In October 1993 we reviewed a sample of 20 purchase files and 20 contract files and we interviewed several officers dealing with contracts and purchase functions. Requisitions, bids and quotations, contracts, purchase orders, receiving reports and payment vouchers were evaluated in terms of effectiveness, efficiency and economy and of compliance with the UNIDO Financial Regulations and Rules.

106. Our audit revealed that, in general, the number of competitive quotations requested is rather low for purchases involving commitments with a value below $20,000. Of the 20 files reviewed we found seven cases for which only one company was invited to give a quotation and three cases where only two firms were invited to quote. In some of these cases the waiver of competition was justified only by referring to paragraph (a) of financial rule 109.19, which reads as follows: "Contracts may be awarded without inviting bids or calling for proposals when:

(a) The proposed contract involves commitments of less than US$20,000, provided that the award is made after an assessment of competitive quotations, based on conformity with specifications, delivery schedules and prices or comparative prices, where available."

107. We drew attention to the fact that, in our opinion, according to the aforementioned financial rule, even for purchases of less than $20,000 competitive offers should be sought whenever possible and that an exception from this principle is only allowed in the cases stipulated under paragraphs (b) to (g) of the same rule 109.19.

108. Administration argued in this respect that, according to the applicable rule, bidding for contracts may be waived "provided that the award is made after an assessment of competitive quotations ... or competitive prices, where available", which means that competitive quotations must not always be sought in each and every case. It furthermore explained that this would be completely impossible considering the high number (in nine months, up to end of September 1993 a total of 1,233) of purchase orders with values below $20,000 and given the staff reductions and the absence of computerization in the Purchase Section.

109. We, however, hold to our interpretation of rule 109.19 (a) given under para. 108 above.

Moreover, as it is in UNIDO's interest that buyers solicit competitive quotations or bids from a sufficient numbers of vendors, the limit for purchases subject to bidding requirements should be set clearly below $20,000. In our opinion an exception to bidding requirements would only be justified for items for which procurement catalogues and other similar databases provide the most competitive and current prices and on condition that the use of these databases should be obligatory.

110. We also agree that in order to save staff time for purchases of little value, quotations may be requested by telephone. However, in every case the officer should be requested to place a written record of the facts on which the award was based in the case file.

111. Our audit of the purchase files further revealed the following inaccuracies:

(a) Requisition forms are not always completed and cleared in a proper and timely manner;

(b) Vendors do not always return the "acknowledgement copy" of the purchase orders to UNIDO before the delivery and payment of the goods, which means that UNIDO is not in possession of evidence that the vendor agreed upon all purchase conditions (such as warranty terms) mentioned on the purchase order;

(c) For technical cooperation purchases payment is often made upon receipt of invoices and shipping documents before the goods are delivered to the project site; then the case file in the Purchase Section is closed and no adequate control is maintained over the receiving reports of the field;

(d) The purchasing officers do not maintain vendor evaluation files to determine the adequacy of vendors' delivery, quality, quantity and cost performances.

112. Administration fully agreed with our observations and promised to comply with our recommendations on the subject. It also stated that the installation of the RPC system (see para. 104 above) will help to overcome some of the points raised during our audit exercise.

113. As regards the Contracts Section's files we noted that a new Contract Management Information System was successfully installed and made operational and that the system is being used daily by staff to process requisitions and contracts and administer the contracts for technical cooperation. On our question why this useful EDP-based management tool is still not applicable for headquarters' contracts, the Administration replied that a similar system for this kind of contracts will be developed by MIS in the near future.

114. Our audit further revealed that in general the contract files are well administered. However a few inaccuracies such as: (a) the forwarding of a file to the archives at a time when the work was not completed and a balance of unliquidated obligations was still available; (b) the missing of the completion dates for some contracts in the Contract Management Information System; (c) the missing of some payment dates in the Contract Management Information System; and (d) the lack of a regular updating of the programmed scheme originally entered in the Contract Management Information System, illustrate that Contracts Section does not always fully play its role as supervisor of the contractors performance.

115. Administration argued in this respect that, taking into consideration the huge amount of information available in the Contract Management Information System, minor mistakes might exceptionally still occur. It further stated that, although the Contracts Section is responsible for all matters related to contract administration, contract management belongs partly to the responsibility of the substantive officers and because the progress of the work for some contracts is supervised by the chief technical advisor (CTA) and the UNIDO Country Director (UCD) in cooperation with UNDP field offices and the recipient Government, some information, such as evaluation reports of the contractors' performance is only available in the field.

116. We can understand the difficulties mentioned by the Administration but we are of the opinion that the key controlling responsibilities should be made more clear in this respect.

Contract for the provision of travel agency services

117. Although the proposed contract for the provision of travel agency services involved expenditures estimated at some $10 million a year, this contract was awarded after a request for proposals was sent to seven companies selected by Management. With reference to financial rule 109.18 and the draft manual for policies procedures and rules governing the activities of the Contracts and Purchase Sections (paras. 9-10), we observed that formal competitive bidding with published advertisement should have been applied. In its reply to our observation, Contracts Section argued, inter alia, that in this case the value of the contract is the unknown profit of the travel agency, rather than the value of the tickets. Therefore the contract was not priced since UNIDO is solely refunding to the contractor moneys that it pays to the various airlines. It was also argued that UNIDO did not guarantee a minimum quantity of travel tickets.

118. We, however, think that the value or price of the contract taken into account should not be limited to an unknown profit of such a contract. It is indeed our view that the price is the amount of the expenditures incurred and paid by UNIDO to the contractor, which in this case reached over $8.8 million in 1993. Though we agree that UNIDO does not guarantee a minimum quantity of travel, we would like to recall the general structure of the proposed contract, which aims at providing full travel services in respect of all requests made by the Secretariat. In this regard our audit revealed that in 1993, only three journeys were not bought from the contractor, i.e. 0.65 per cent of the total expenditure incurred by the Organization. Therefore, in our view, some basic principles of contract law were not applied correctly and we recommend that in the future the various rules concerning formal bidding should be strictly adhered to.

119. With regard to the effects of the contract on the costs of home leave travel, we refer to our comments on that particular subject

in paragraphs 204 to 208 of the present report.

TECHNICAL COOPERATION

Project expenditure - financial information

120. Table 15 provides a breakdown of the annual project expenditure for technical cooperation activities executed by UNIDO, by source of financing as reported in the financial statements for the period 1986-1993.

121. The data of table 15 indicate that, in the period 1986 to 1990, after a small regression, the overall expenditure increased up to a level which is 58 per cent higher than the expenditure of 1986. From 1991 onwards, the Organization started to experience a decline in technical cooperation activities due to a sharp reduction of the UNDP funding as a consequence of the redefined role of specialized agencies in UNDP-financed technical cooperation projects and the difficult start of the newly established UNDP cost reimbursement system, the "UNDP successor arrangements for agency support costs". Thus, the share of UNDP resources within the overall expenditure decreased from 74 per cent in 1986 to 45 per cent in 1993.

122. The positive upward trends of the expenditure financed by IDF and trust funds in the period concerned were sufficient to partially compensate for the regression of UNDP expenditure. Moreover, from 1992 to 1993, also these resources dropped from $29.3 million to $27.3 million (IDF) and from $34.5 million to $29.5 million (trust funds).

123. From table 2 of the Statistical Annex of the Annual Report of UNIDO, 1993 (IDB.12/2-PBC.10/2, page 113) we further noted that the total value of project budgets approved in 1993 ($79.2 million) decreased by 30 per cent as compared to 1992 ($113.6 million) and that the residual value of projects carried forward as at 31 December shrank from $216.1 million in 1992 to $176.4 million in 1993 (= minus 18 per cent). Considering these data we fear that a further decrease of project delivery, with a consequent reduced level of support cost income available for the operational budget, may be expected for the year 1994.

124. We learned from the Annual Report of UNIDO, 1993 (ibid., chap. VIII, paras. 16-17) that the Secretariat had been particularly successful in 1993 in collecting new conditional and firm pledges for IDF, since IDF received $34.2 million pledges, compared with $30.3 million in 1992. This can indeed positively affect project expenditure in future.

Financial completion of projects

125. According to the UNDP Programme and Projects Manual (PPM) all projects are to be financially completed within 12 months after their operational completion.

126. We found, however, that these requirements have not always been complied with by the Financial Management of Technical Cooperation Unit (FMTC). From computer printouts on the status, as at 31 August 1992, of projects with a value higher than $150,000 we learned that at least 26 projects, operationally completed since more than 12 months, were still not completed financially.

127. In this regard we drew attention to the fact that programme management, analysis and reporting functions would benefit if all projects were financially completed within a reasonable period of time after their operational completion and when the ongoing projects database contained no longer a large number of projects that have in fact already been completed for some time. We stated moreover that it is a prerequisite for sound management that statements of final accounts that are required by donors be provided promptly and as accurately as possible.

128. We noted furthermore that the latest instructions issued within UNIDO to ensure the above-mentioned requirements dated back to the year 1981, that they were not adapted to the actual organizational structure of UNIDO and its EDP system and that most staff members designated and responsible for project control did not even know of their existence.

129. A sample review also revealed a number of inaccuracies and inconsistencies with respect to the financial completion of projects.

130. In the light of these findings we recommended that new instructions should be issued to provide essential information and guidance on the procedures and practical arrangements for UNIDO staff in carrying out their responsibilities with respect to the financial completion of projects.

131. We appreciate that, in line with our observations, updated directives had been issued in November 1992. This might help to overcome the deficiencies observed during our audit exercise.

132. Finally, a follow-up review of the status of the projects with a value higher than $150,000 revealed that, as at December 1993, 14 projects were still classified in the "operationally completed" status for more than 12 months.

133. Although the situation in 1993 has improved remarkably compared with 1992, we recommend that further efforts should be made to get all projects financially completed in a timely manner.

Field audits

134. In February and March 1993 we carried out field audits of the country programming and project identification/formulation activities, as well as of nine and four UNDP-funded projects in Thailand and Indonesia, respectively.

135. For practical reasons, the results of these audits are presented here in a succinct manner, highlighting only the major findings and observations deemed of particular interest for Member States. The full scope of the audit exercises as well as the particulars of our review of specific projects, however, are set out in more detail in annex I to the present report.

136. Our field audits revealed that UNIDO did not draw up an industrial programme for Indonesia as prescribed in the Handbook for UNIDO Field Staff and that there is a lack of real impact of UNIDO's contribution to the UNDP programming mechanism, resulting in a limited amount of IPF projects assigned to UNIDO.

137. For a project in Indonesia, on which UNIDO and the Government placed high priority, no IPF funds were available from UNDP Headquarters. This case clearly demonstrates the weakness of the former tripartite relationship marked by a prolonged project identification and formulation process, often resulting in a mere loss of effort and money, as well as in considerable frustration experienced by all parties involved.

Table 15

Technical cooperation activities executed by UNIDO
Status of expenditure, 1986-1993

	Project expenditure (In millions of US dollars)															
	1986		1987		1988		1989		1990		1991		1992		1993	
Source of funds	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Project costs																
Regular Programme	3.7	3	2.1	2	2.5	2	6.3	5	4.5	3	5.8	4	2.5	2	9.6	8
IDF	13.2	14	16.6	17	20.8	18	22.0	17	27.9	18	27.7	20	29.3	23	27.3	23
Trust funds	8.3	9	7.2	8	15.3	13	18.8	15	25.7	17	31.2	22	34.5	27	29.5	24
UNDP	72.1	74	69.7	73	76.9	67	80.0	63	96.1	62	76.1	54	59.9	48	54.7	45
Subtotal 1:	97.3	100	95.6	100	115.5	100	127.1	100	154.2	100	140.8	100	126.2	100	121.1	100
Programme support costs																
IDF	1.7	14	2.0	16	2.5	16	2.9	19	3.5	19	3.5	20	3.0	21	3.2	21
Trust funds	1.0	8	0.8	6	1.6	10	2.1	14	2.6	14	3.6	20	3.7	26	3.3	22
UNDP	9.4	78	9.7	78	11.5	74	10.3	67	12.4	67	10.8	60	7.4	53	8.8	57
Subtotal 2:	12.1	100	12.5	100	15.6	100	15.3	100	18.5	100	17.9	100	14.1	100	15.3	100
Total 1+2 expenditure	109.4		108.1		131.1		142.4		172.7		158.7		140.3		136.4	

138. From the examination of procedures for the management of projects and an audit of the projects we noticed that, in general, projects are administered satisfactorily and in conformity with UNDP and UNIDO guidelines. However, our audits revealed that most of the projects reviewed could not be implemented as scheduled in the project documents and within the initial project budget. We therefore brought to the attention of Management a few areas where, in our view, the Organization should take action.

139. Management stated that some of our observations indicating shortcomings as to the adequacy, effectiveness and efficiency of rules and regulations as well as problems concerning the compliance with existing directives were noted by the Internal Audit Service, that will take them into account when carrying out a series of management audits of the rules and regulations governing the delivery of UNIDO services. The intention of such audits is to systematically review and analyse current practices with a view to improving - where necessary - policies, processes and procedures, hence having an impact on overall operations of the Organization.

ELECTRONIC DATA-PROCESSING SYSTEMS

Financial information

140. In accordance with Director-General's Bulletin UNIDO/DG/B.156, revised UNIDO allotment account codes were introduced for the 1992-1993 biennium. Also, new object of expenditure codes, adapted to the new reporting requirements for electronic data-processing (EDP) non-staff costs and the fixed dollar reporting, have been applied.

141. From the Status of Allotments (at budget rate) as at 31 December 1993, recorded in consistency with these new accounting codes, we prepared table 16. It gives a concise summary of the

Table 16

Electronic data-processing expenditures for the 1992-1993 biennium
(At budget rate: US$ 1 = AS 12.90)

	Operational budget	Regular budget	Total
Staff costs			
Non-distributed a/	440,940.70	548,027.49	988,968.19
Computer Operations	356,869.29	408,538.40	765,407.69
Computer Information Centre	299,163.47	428,128.98	727,292.45
Application Services	440,238.07	840,652.72	1,280,890.79
Office of the Director	0.00	200,108.09	200,108.09
Total staff costs	1,537,211.53	2,425,455.68	3,962,667.21
Non-staff costs			
Mainframe			
Hardware	895,413.91	803,875.65	1,699,289.56
Software	469,009.62	1,001,404.05	1,470,413.67
Maintenance	0.00	223,873.50	223,873.50
Operation	965,161.16	1,204,670.43	2,169,831.59
Other costs	0.00	334,180.63	334,180.63
Total mainframe costs	2,329,584.69	3,568,004.26	5,897,588.95
Office automation			
Hardware	4,889.02	1,283,759.74	1,288,648.76
Software	0.00	185,695.25	185,695.25
Maintenance	0.00	242,418.37	242,418.37
Other costs	0.00	36,259.91	36,259.91
Total office automation costs	4,889.02	1,748,133.27	1,753,022.29
Network			
Hardware	42,901.99	86,266.00	129,167.99
Software	0.00	28,214.08	28,214.08
Maintenance	35.35	14,955.82	14,991.17
Other costs	23,253.13	99,138.82	122,391.95
Total network costs	66,190.47	228,574.72	294,765.19
Other computer costs			
External computer costs	0.00	29,260.92	29,260.92
Training	0.00	284,308.23	284,308.23
Other	166.36	137,574.63	137,740.99
Total other costs	166.36	451,143.78	451,310.14
Total non-staff costs	2,400,830.54	5,995,856.03	8,396,686.57
Grand total	3,938,042.07	8,421,311.71	12,359,353.78

a/ Prior to 1 July 1992, starting date of the internal reorganization of MIS, all EDP staff costs were recorded under the same code.

EDP-related staff and non-staff costs both for the operational and the regular budget.

142. Comparing the actual EDP expenditures with the relevant budget estimates (cf. document GC.4/42, para. 122) requires a regrouping of those expenditures in order to fit into the budget framework. Also, the budget figures referred to have been adjusted with the inflation rate estimated in the budget document so as to reflect reality as much as possible. As a result of that exercise, table 17 shows clearly that the 1992-1993 EDP costs stayed within the budgeted resource requirements. This was achieved through savings of $619,930 (13.5 per cent) in the staff costs and $746,480 (8.16 per cent) in the non-staff costs.

143. The pictures given in tables 16 and 17 present from different angles what is basically the same financial information. To illustrate this we prepared table 18. From table 16 and table 17 the columns for the total expenditures are set side by side delineating, in terms of percentage, the share of each subgroup in relation to the total EDP non-staff costs. The discrepancies between both presentation formats thus result from the fact that at the time the budget was prepared, the new coding structure, allowing a more specific detailing of the different cost components, was not yet available. Table 18 discloses that the separate network cost component as presented in table 16 is missing in the budget format presentation. Here all network-related costs are summarized in one amount as part of the other computer costs.

144. Subsequently to the planned changes in UNIDO's computer policy, networking might become a more substantial part of the overall EDP non-staff costs. Therefore, budgeting and accounting for the network cost component, in line with the new object of expenditure coding structure, will make it easier, here also, to compare the budgeted resource requirements with the actual expenditures.

145. In table 19 the expenditures for the 1990-1991 and 1992-1993 bienniums are set side by side.

Table 17

ELECTRONIC DATA PROCESSING

Comparison of budgeted resource requirements with actual expenditures (at budget rate) as recorded in the status of allotments for the 1992-1993 biennium as at 31 December 1993

(In thousands of US dollars)

	Budget document GC.4/42 (1)	Expenditure (2)	(1) - (2) (3)
Staff costs	4,582.60	3,962.67	619.93
Non-staff costs			
Mainframe			
Hardware	1,663.34	1,693.62	-30.28
Software	1,031.69	1,426.34	-394.65
Operation and maintenance	2,221.28	2,163.36	57.92
Total mainframe	4,916.31	5,283.32	-367.01
Office automation			
Hardware	968.53	1,120.60	-152.07
Software	157.92	232.86	-74.94
Maintenance	673.75	646.26	27.49
Total office automation	1,800.20	1,999.72	-199.52
Other			
Supplies and materials	504.37	389.30	115.07
Network	431.62	295.87	135.75
External computer costs	73.69	24.81	48.88
Training	301.61	284.31	17.30
Consultancy support	873.15	119.27	753.88
Software development	242.13	-	242.13
Total other costs	2,426.57	1,113.56	1,313.01
Total non-staff costs	9,143.08	8,396.60	746.48
Grand total	13,725.68	12,359.27	1,366.41

Table 18

ELECTRONIC DATA PROCESSING

Comparison (in terms of percentage) of the total EDP non-staff costs for the 1992-1993 biennium as presented in tables 16 and 17

	Table 16	Table 17
Mainframe		
Hardware	20.24	20.17
Software	17.51	16.99
Maintenance	2.67	25.76
Operation	25.84	-
Other costs	3.98	-
Total mainframe	70.24	62.92
Office automation		
Hardware	15.35	13.35
Software	2.21	2.77
Maintenance	2.89	7.70
Other costs	0.43	-
Total office automation	20.88	23.82
Network		
Hardware	1.54	-
Software	0.33	-
Maintenance	0.18	-
Other costs	1.46	-
Total network	3.51	-
Other computer costs		
Supplies and materials/other	1.64	4.64
Network	-	3.52
External computer costs	0.35	0.30
Training	3.38	3.38
Consultancy	-	1.42
Total other costs	5.37	13.26

Table 19

ELECTRONIC DATA PROCESSING

Comparison of the 1990-1991 and 1992-1993 regular and operational budget EDP expenditures

(In millions of US dollars)

	1990-1991 biennium			1992-1993 biennium		
	RB	OB	Total	RB	OB	Total
Staff costs	2.33	1.48	3.81	2.43	1.54	3.96
Non-staff costs	8.47	0.22	8.69	5.99	2.40	8.39
Totals	10.80	1.70	12.50	8.42	3.94	12.35

Note: To make the 1990-1991 figures comparable with those for the 1992-1993 biennium the figures from table 7 of the report of the External Auditor for the 1991-1992 biennium have been converted to the 1992-1993 budget rate of US$ 1 = AS 12.90.

Distribution of EDP non-staff costs

146. In paragraph 123 of document GC.4/42, programme and budgets, 1992-1993, a brief outline regarding the implementation of a charge-back system for the EDP-related non-staff costs was presented.

147. Administration explained in this regard that the Management Information Services (MIS) can implement the charge-back system for EDP expenditures at the divisional level at any time.

148. To evaluate the adequacy of the charge-back system we requested a breakdown of the EDP non-staff expenditures into the various cost components and major programmes. The administration replied that the charge-back methodology based on mainframe utilization has not been used to charge back mainframe costs to major programmes. Therefore the breakdown was not provided, although, as was explained, this could theoretically be done based on:

(a) The share of mainframe utilization by department;

(b) The share of total workstations and printers by departments.

149. From the review of the charge-back system, and considering the explanations given by Administration, we learned that the system has been used in the budget document for presentation purposes only. The 1993 allocation for acquisition of office automation hardware and software was distributed among the Office of the Director-General and the five departments. The decision on how to utilize such allocation was left entirely to the responsibility of the heads of major programmes, as advised by their department representatives at the Information Technology Steering Committee (ITSC), and proved to work in a most effective way.

A system for managing, controlling and auditing automation projects (SMCA)

150. The establishment of SMCA was recommended both by Touche Ross Management Consultants (cf. GC.4/CRP.1) and the External Auditor (cf. GC.4/50 and IDB.10/4-PBC.8/9, paras. 153-180). In this respect we noted that the procedural aspects regarding work planning, approval and project implementation became effective in 1992.

151. On our question about the existence of written guidelines, spelling out the applicable procedures and their distribution, Administration explained that:

(a) A set of procedures was prepared and discussed at the ITSC meetings of 2 September 1993 and 24 November 1993;

(b) A final draft was prepared in December 1993. Endorsement of the procedures is still pending because ITSC has not been convened since.

152. In this regard we examined some major procedural activities managing the development of an automated requisition system as part of an integrated requisition, purchase and contract (RPC) system. From the "Strategic Automation Plan - Phase 2", prepared by Andersen Consulting and accepted by Management, we noticed that the implementation of the above-mentioned RPC system was afforded the highest priority. However, at the time of our audit only the CMIS was operational. As this is the smallest part of the whole RPC system, we suggested that all efforts be made to speed up the automation of the large number of cumbersome manual procedures and routine work in the purchase process. In this respect, Management also explained that although two consultancy studies have been completed, and a Strategic Automation Plan emerged from their work, few resources have been allocated to carry out this plan.

153. Our review of SMCA further disclosed that:

(a) The Project Development Team (PDT), met only a few times and this without making official records of those meetings, which has to be considered a serious weakness. The Administration agreed with our views and ensured that in future meetings to evaluate the progress of development projects would be held on a more regular basis and that the minutes of the meetings would be recorded;

(b) From the side of the end-users participating in PDT, no description of the task/job they perform within the existing (manual) system had been prepared. Furthermore, the programmer/analyst concerned had to rely only on some oral explanations. Our conclusion in this is that the end users contributed little to the analysis of functions to be executed by the automated system. Administration accepted our views. However, they argued that the departmental information managers (DIM) (once they are appointed and in function) could be the focal points for channelling the views of the users and prepare descriptions of jobs that are performed within the existing system. It was also explained that MIS was in the process of collecting further details from the end-user side to prepare the analysis and requirements catalogue. Owing to various demands on the scarce resources of the applications development and maintenance team, only a few meetings could be held;

(c) The quality review/quality assurance (QRA) exercise, an important element of the systems development cycle (also recommended by Andersen Consulting on page 80 of their report), was not worked out. The Administration alleged that this failing is to be attributed to:

(i) The non-availability on the end-user side of the skills required to carry out QRA. It therefore would be appropriate to train DIMs on QRA;

(ii) Resource constraints within MIS. Little can be accomplished with just five analyst/programmers, responsible for development and maintenance of all UNIDO computer systems.

(d) No work plan has been prepared for this project. We therefore advised that, for any information system development project, each phase, and each activity within a phase, should be linked to a time schedule, indicating the estimated start and ending date of the various actions. To impose such a time schedule is the responsibility of the project control group or, in the case under review, the PDT. Any deviation of the workplan must be recorded and accounted for in

the project documentation file, and brought to the project control group who, if necessary, should then take the action(s) required in order to reschedule the future project activities. Administration agreed and admitted that for this project no work plan had been made available and agreed with our comments.

154. In general, we learned in this regard from the minutes of the twenty-fourth meeting of ITSC that in two years the staffing of the Applications Development Section decreased from eleven professional analysts/programmers to five and from eight General Service support staff to four. In this respect it must be acknowledged that the Section made all possible efforts to try to comply as much as possible with the various user demands regarding automation projects.

Formal standards concerning end-user computing

155. On our queries on this topic Administration stated (quote): "ITSC has taken a leading role and has, together with MIS, acknowledged the need for formal standards concerning end-user PC applications. A desk-to-desk questionnaire will be the basis for an inventory of UNIDO PC applications and databases".

156. At its 19th and 20th meetings (on 2 and 24 March 1993, respectively) ITSC agreed upon the presentation of the questionnaire and the way to proceed with the survey. Asked about the status and, if available, the outcome of that review, Administration explained that, owing to the lack of appropriate staff resources, the survey was left to be conducted at the time DIMs were appointed. ITSC agreed.

157. In relation to the existence of PC-based applications developed by end-users we noticed, for instance in APS, several of these systems processing data that, in quite a few instances were collected from the mainframe. On our queries on the subject Administration replied that the systems analyst of Financial Services will be requested to conduct a review on this matter.

158. At the time of our audit we observed also that consultants were recruited to develop some smaller applications. In this connection Administration explained that:

(a) The application development methodology and tools, implemented as a working standard for MIS, have not been made mandatory for end-user computing. There are no resources available in MIS to provide the initial guidance to end-users who are developing (or have asked to be developed by consultants) their own PC-based applications;

(b) On the question of the non-MIS programmer/analyst being responsible for producing adequate and comprehensive documentation on the application, MIS is not aware of any system documentation provided in such cases. Once again, according to MIS,it is not feasible to keep aware of the work done at the end-user side without appropriate human resources;

(c) Regarding the maintenance of applications built by outside consultants, end-users generally do not have the expertise to perform the job. Hence, in most cases, the task falls back on MIS. In certain cases, the consultants are available on call to carry out changes at an additional cost.

Providing back-up for key users

159. In the course of our audit we noticed that there is often no staff trained to back up key users. In this respect we observed for instance that a very crucial action, namely the creation of the opening balances of the accounts of UNIDO at the beginning of each year, depends completely on one person in MIS.

160. In reply to our observation, Management stated that the problem of back-up for a given function is vital for the smooth running of the Organization and should be addressed very seriously at the supervisory or management level. Furthermore, it admitted that several critical systems are run without professional back-up, which, in the opinion of MIS is detrimental to the functioning of the Organization. In this connection it was also explained that the lack of appropriate resources to maintain ongoing systems is increasingly becoming evident these days, and that management at the highest levels has been informed of this serious shortcoming but that the response is yet to come.

161. In view of these findings we would like to advise that the back-up problem regarding specific functions get the appropriate consideration.

PERSONNEL MATTERS

Financial information on the staff costs of substantive departments of UNIDO

162. Table 20 shows the staff costs of the substantive departments over the eight-year period from 1986 to 1993 and the output of technical cooperation activities expressed in project expenditure. The evolution of the share of the staff costs of the substantive departments in the total staff costs of the Organization is also shown in the table.

163. The table indicates that, though staff costs of the substantive departments increased constantly, as well as its share with regard to the total staff costs, technical cooperation expenditure did not follow this trend.

The organizational structure of UNIDO

General information

164. At the inception of UNIDO as a specialized agency in 1985 the organizational structure of its Secretariat and the overall responsibilities and functions of the five new departments, each headed by a Deputy Director-General; as well as their components of divisions, branches, sections and units were described in detail in Director-General's Bulletins UNIDO/DG/B.26 and UNIDO/DG/B.26/Add.1.

165. Throughout the period 1986-1992 this structure has been subject to continuous review and has been modified several times owing to continuous budgetary and financial constraints necessitating the rationalization of the staff structure of the Organization ever further in order to enhance the effectiveness and efficiency of the Secretariat. The following documents and decisions/resolutions by the policy-making organs highlight the reorganization history of UNIDO: PBC.4/11, IDB.5/5, IDB.5/7, IDB.5/9, IDB.5/9/Add.1 and Corr.1, IDB.5/Dec.21, GC.3/33, GC.3/Res.20, IDB.3/33, IDB.7/Dec.23, IDB.8/45, GC.4/19, GC.4/CRP.12, GC.4/Dec.22 and IDB.10/24.

Table 20

Comparison of staff costs of substantive departments with project expenditure and total staff costs for the years 1986 to 1993 a/

Year	1986	1987	1988	1989	1990	1991	1992	1993
nical cooperation expenditure millions of US$)	99.6	97.7	119.8	133.8	159.6	147.5	135.6	118.8
f costs of substantive departments n millions of US$)	31.4	36.4	36.3	40.8	48.2	50.9	53.0	57.7
ut ratio (A:B)	3.17	2.68	3.30	3.28	3.31	2.90	2.56	2.05
l staff costs (in millions of US$)	55.0	64.9	64.8	70.1	83.4	87.1	83.8	90.8
e of B in D (percentage)	57.04	56.05	56.10	58.21	57.79	58.39	63.28	63.53

Based on figures published in the Annual Reports of UNIDO.

Includes expenditure for United Nations International Drug Control Programme (UNDCP) and for DO funds;

Staff costs for Programme and Project Development, Industrial Promotion, Consultations and ogy, Industrial Operations and Industrial Development Decade for Africa;

Staff costs of substantive departments (B) + other departments.

of the main organizational changes during iod 1986-1992

st changes to the organizational structure UNIDO Secretariat were effected through r-General's bulletins and visualized for efit of the policy-making organs and Member by means of budget document flowcharts. NIDO operated on the basis of five nt organization charts during the period 92.

The initial 1986 chart was approved by Conference decision GC.1/Dec.25 and used implementation of the 1986-1987 and 89 programme and budgets. This initial lready differed from the proposals made by ector-General in document IDB.1/CRP.4, r 1985. For three departments, two ns and one service the name was changed as :

) Department of External Relations and Conference Services to Department of External Relations, Public Information, Language and Documentation Services; Development Coordination Department to Department for Programme and Project Development; Department for Industrial Promotion and Research to Department for Industrial Promotion, Consultations and Technology;

) Division of Special Country Activities Programmes to Division of Special Programmes and Activities and Division of Programme and Project Development and Co-ordination to Area Programmes;

) Conference Service to Languages and Documentation Service.

167. The initial 1986 chart differed from the Director-General's proposals in still several other respects:

(a) Legal Service was assigned to the Office of the Director-General;

(b) Public Relations and Information Service became a separate section;

(c) Programme Support, Special Technical Advisory Group and Project Review branches were merged into one division called Project Review and Appraisal;

(d) Project Personnel Recruitment Service was transferred from the Department of Administration to the Department of Industrial Operations;

(e) The Studies and Research Division was transferred from the Department of Industrial Promotion and Research to the Department for Programme and Project Development.

B. In its decision GC.2/Dec.22 of 12 November 1987 on the programme and budgets, 1988-1989, the General Conference "requested the Director-General to present a report ..., which further rationalized the organizational structure of UNIDO, ...". In line with this request the organization chart of the Secretariat was changed twice (charts as at 1 August 1989 and 1 January 1990 respectively). The chart as at 1 August 1989 (cf. GC.3/10 - annex I) shows the following changes in comparison with the initial 1986 chart:

(a) A Human Resource Planning Unit was established in the Office of the Deputy Director-General, Department of Administration;

(b) (i) Purchase and Contract Service was merged with the General Service Division;

(ii) The Accounts Unit and Payment Unit were consolidated into one single section within the Department of Administration;

(c) Within the Department of External Relations, Public Information, Language and Documentation Service:

(i) The Editorial Control Section and the Publications Section were merged into one section;

(ii) The Secretariat of the Policy-making Organs was incorporated in the External Relations Division;

(d) In the Department for Programme and Project Development:

(i) The Senior Industrial Development Field Adviser (SIDFA) and the Junior Professional Officer (JPO) Support Services Section was separated from Area Programmes Division and became a separate branch;

(ii) An Industrial Cooperation Branch consisting of the Section for Cooperation with Non-Governmental Organizations and Industrial Enterprises was established;

(iii) A Programme Development Support Unit was set up in the Industrial Policy and Perspectives Division;

(iv) A Special Trust Fund Projects Section was established;

(e) In the Department of Industrial Operations an Industrial Operations Support Division and a Section for Integrated Industrial Projects were established;

(f) In the Department for Industrial Promotion, Consultations and Technology the Division for Development and Transfer of Technology was split up into the Industrial Technology Promotion Division and the Industrial Technology Development Division.

C. The revised chart as at 1 January 1990 (GC.3/10/Rev.1 - annex I) again showed a number of changes:

(a) In the Department of External Relations, Public Information, Language and Documentation Service, the Relations with Government and Intergovernmental Organizations and United Nations Agencies Section was now called External Liaison and Protocol Section;

(b) (i) Technical Co-operation Personnel Administration Unit belonging to Personnel Services Division in the Department of Administration was transferred to the Division of Industrial Operations Support in the Department of Industrial Operations;

(ii) In the same department the Central Reference Unit was separated from Industrial Operations Support Division and became a separate branch;

(c) In the Department for Programme and Project Development the following transfers were implemented:

(i) SIDFA and JPO Support Services under the new name of Field Representation to Special Measures and Activities Division;

(ii) Programme Development Support Service from Industrial Policy and Perspectives Division also to Special Measures and Activities Division;

(iii) Section for Economic Co-operation among Developing Countries (ECDC) from Special Programmes and Activities Division to Area Programmes Division;

(iv) The Project Review Committee Secretariat and Funds Administration Section from the Project Review and Appraisal Division to the Division for Industrial Co-operation and Funds Mobilization;

(d) Within the Department of Industrial Operations, Central Reference Service was taken out from Industrial Operations Support Division and became a separate branch named Central Reference and Monitoring.

Meanwhile a Strategy, Policy and Planning Office was established in the Office of the Director-General to replace the Policy Planning and Management Staff (cf. UNIDO/DG/B.110 based on the decision of the Industrial Development Board IDB.5/Dec.21). Pursuant to paragraph (f) of its terms of reference and as of 1 September 1989, this Office had to review the operational policies as well as the organizational and staff structure and had to propose changes as necessary.

D. In its resolution GC.4/Res.27 on the programme and budgets for 1992-1993, the General Conference endorsed the UNIDO organization chart as at 1 August 1991. This chart was basically the same as the previous one (1 January 1990) since only the name of the Electronic Data-Processing and Office Automation Service was changed to Management Information Service (MIS) and the name of the Service of Investment Project Identification and Formulation was changed to Programme Formulation and Management Investment Promotion Office Support Services.

E. With bulletin UNIDO/DG/B.156 taking effect as of 1 July 1992 the Director-General drew up a new organization chart that was in line with the initial 1986 framework of the UNIDO Secretariat (cf.IDB.10/24). Compared with the previous chart (of 1 August 1991) the following changes were introduced:

(a) (i) The Human Resource Planning Unit in the Office of the Deputy Director-General, Department of Administration, was merged with the Language Training Unit in the Personnel Services Division;

(ii) The Management Information Services Division was reorganized to be composed of the Office of the Director and three distinct sections;

(b) Within the Department for Programme and Project Development:

(i) The Project Appraisal Section (formally part of the Special Measures and Activities Division) was renamed Programme and Project Appraisal Section and was moved to the Office of the Deputy Director-General;

(ii) The Section for Economic Cooperation among Developing Countries was transferred from Area Programmes Division to Special Measures and Activities Division;

(iii) The Field Representation and Coordination Unit was moved from Special Measures and Activities Division to the Area Programmes Division;

(c) The Feasibility Studies Branch was moved from the Industrial Operations Support Division, Department of Industrial Operations to the Industrial Investment Division, Department for Industrial Promotion, Consultations and Technology;

(d) Within the last department the Industrial Technology Promotion Division and the Industrial Technology Development Division merged into one division named Technology Development and Promotion Division.

External Audit, Comments and Considerations

168. We noted that apart from the formal reorganization exercises documented in the organization charts described above, continued consultations and informal exchanges of views were held with Member States of UNIDO. Moreover, studies of options for the long-term reform process and optimum staff structure of the Secretariat were made in the course of the 1992-1993 period.

169. We tried to evaluate the actual results of a sample of some of the described reorganization exercises in terms of the stated objectives and on the basis of a comparative analysis of successive responsibility and functional descriptions of selected organizational components. The analysis led us to the following considerations:

(a) The SIDFA and JPO Support Service

170. The Service was moved several times to different divisions. Initially the SIDFA administration belonged to the Division for Special Country Activities Programmes. At the date UNIDO started its operations as an independent agency the service was already classified in the Area Programmes Division responsible for the "planning and coordination with UNDP headquarters, bureaux, and the divisions concerned and the UNDP field offices preparation for programming activities" (UNIDO/DG/B.26). With effect at 1 September 1989 the Service was moved to the Special Measures and Activities Division established in the Office of the Deputy Director-General, Department for Programme and Project Development (UNIDO/DG/B.114). Three years later, on 1 July 1992, the Section was re-moved to the Area Programmes Division (UNIDO/DG/B.156).

171. The terms of reference of the Unit itself and those of the various divisions concerned, however, were never changed according to the Director-General's bulletins dealing with the various redeployments of the Service. Therefore, it is not clear why the transfers were necessary and it seems even as if the Secretariat itself had problems identifying the place where this Service might produce the best outputs.

(b) The Project Review and Appraisal Division

172. We noted that most reorganizations involved the establishment of new divisions or branches that were re-moved or even disappeared afterwards.

173. In this regard we took as an example the Project Review and Appraisal Division established in the Office of the Deputy Director-General of the Department of Programme and Project Development. The Division should ensure that all project designs conform with design standards, programme criteria and resource availability before final approval in UNIDO or before submission to UNDP or other donors. The Division also manages technical cooperation funds entrusted to UNIDO (UNIDO/DG/B.26). Originally the Division was divided in three sections: (a) Project Appraisal; (b) Technical Advisory Service; and (c) Project Review Committee Secretariat and Funds Administration. With effect at 1 September 1989 the Division was, however, dissolved and its functions redistributed as follows: Project Appraisal Section was moved to the (new) Special Measures and Activities Division and the Project Review Committee Secretariat and Funds Administration moved to the (new) Industrial Co-operation and Funds Mobilization Division (UNIDO/DG/B.114). The second original function, technical advisory services, apparently disappeared since the Director-General's bulletin DG/B.114 did not mention this service any longer. As of 1 July 1992 only the Project Appraisal Section remained in the Office of the Deputy Director-General and was named the Programme and Project Appraisal Section (UNIDO/DG/B.156). Besides, compared with the initial functions as described in 1986, the terms of reference of the section had been changed completely; in the meantime the staff on board had however remained the same.

(c) The Industrial Operations Support Division

174. This Division was established with effect from 1 March 1988, comprising five existing branches and units (UNIDO/DG/B.67). As stated in the Bulletin, the overall functions of this Division and its component units would be the subject of a subsequent Director-General's Bulletin. However, such a document was apparently never issued. Therefore it may be presumed that the functions of the original units of this Division did not change and the reasons for the establishment of the Division remain unexplained.

(d) The Human Resource Planning Unit

175. We observed that sometimes a new service or unit with specific functions was established deliberately in the Office of a Deputy Director-General, head of a Department. However, after a certain time the Unit together with its functions was moved to and became part of a division. Thus the Unit to a certain degree lost its original independence and therefore also its raison d'être. In this regard, we refer in particular to the Human Resource Planning Unit that was established in the Office of the Deputy Director-General, Department of Administration, with effect from 1 April 1988 in order to

strengthen the human resource planning and management functions of UNIDO (UNIDO/DG/B.71). With effect from 1 July 1992 the Unit was transferred to Personnel Services Division and merged with the Language Training Unit (UNIDO/DG/B.156). The functions initially entrusted to the Unit included, for instance, analysis of the staffing levels of UNIDO, the review of the utilization of staff and the distribution of available staffing resources; coordination of the implementation of a career development programme for UNIDO; classification of posts in all categories; and administration of appeal processes related to the classification of posts. It is therefore clear to us that this unit should not have been merged with the Language Training Unit because the above-mentioned functions have nothing to do with the normal tasks of the Personnel Services Division, which obviously are primarily logistical and technical in nature. Besides, the Human Resource Planning Unit could also adequately fulfil the task of an independent staff inspection force which is now non-existent at the UNIDO Secretariat, the more so as the officers of such a Unit should also have: (a) adequate training in the area of work measurements, techniques and job evaluation; (b) the capacity to judge on the problems staff might be confronted with; and (c) the possibility to report directly to the head of a division, department and even to the Director-General after consultations/discussions with line management. On the basis of these considerations, the Human Resource Planning Unit should not have been moved to the Personnel Services Division but instead kept under the direct authority of the Head of the Department for Administration as was the case when it was established in 1988.

(e) Denomination of components

176. Our review of the flow charts indicated that sections or branches were sometimes renamed but that the functions did not change. Although the new denominations may indeed better reflect the work and responsibilities of the renamed entities, this practice certainly does not simplify the reading of the various flow charts, especially when one is not familiar with all the details of the structure of the Organization.

(f) Industrial Technical Promotion Division - Programme Development Support Unit - Project Personnel Recruitment and Administration Service

177. From a sample checking we observed that the Industrial Technical Promotion Division (UNIDO/DG/B.91), the Programme Development Support Unit (UNIDO/DG/B.102) and the Project Personnel Recruitment and Administration Service (UNIDO/DG/B.115) were staffed by more than 80 per cent from staff on board. Where it can be accepted and understood that instead of recruiting new staff, priority be given to staff on board who possess the prescribed abilities to fulfil the new functions, it is nevertheless rather unusual that most of the staff of the old/existing unit apparently have the newly required skills. Indeed, taking into consideration that new job descriptions should cover the new functions to be carried out, one could question to what extent the transferred staff may indeed have the necessary new qualifications and abilities.

178. From our sample analysis and review we drew the following conclusions:

(a) The reorganizations mainly aimed at rationalizing the organizational structure of the Secretariat through eliminating duplication of work, delineating more clearly the departmental responsibilities and functions and strengthening the substantive departments. All restructurings and reorganizations over the past eight years were, however, not always thoroughly considered and documented as required.

(b) For most transfers of existing divisions/sections/units to other departments/divisions/sections the personnel already on board was also moved to the new entities. There can, of course, be no objection to this, to the extent that the transfer meant only to bring together corresponding functions. But this may not be the case when the functions of the entities change; then the job descriptions must also change or be adapted to the new functions and consequently only personnel having the redefined qualifications should occupy the new posts. This applies of course *a fortiori* in the case of the establishment of new organizational entities. The audit findings on the subject may cast doubt on the real expertise of some of the staff on board. This certainly accounts for the establishment of new units in the substantive divisions of the Secretariat where a high degree of expertise combining special technical and industrial knowledge is required.

(c) On our queries, the Secretariat could not corroborate that any *ex ante* cost/benefit analyses in respect of the restructurings of the Organization were carried out. Although we agree that it is very difficult to measure or calculate the real economies of such exercises because part of the benefits might have to come from increased outputs, the procedures actually followed cast doubt on the validity and efficiency value of management policy in this regard. We want to emphasize nevertheless that we do not wish to simply say that the reorganizations and restructurings were not necessary or not justified, but we do feel that to implement the aims and objectives of the policy-making organs of the Organization, possibilities were not always used to the maximum extent.

(d) We also wish to draw attention to the undeniable, unfavourable consequences of frequent reorganizations on the morale of staff. In normal circumstances (mutations, retirement, maternity leave) where posts become vacant, staff can apply for that vacancy which is then a well-considered personal choice to join a new working environment. Even in these circumstances it takes some time for people to get used to the new colleagues and the different work atmosphere. In a multi-cultural environment like UNIDO, this process will certainly take even longer than usual. Therefore we think that compulsory transfers of staff should be avoided as much as possible because they put a serious strain on the team spirit of the group concerned especially for the General Service category of staff. In this regard we also think that the pros and cons of the reorganizations and restructurings of the UNIDO Secretariat might sometimes have been weighed up and assessed more thoroughly.

The 1993 Staff Reduction Exercise

179. Director-General's Bulletins UNIDO/DG/B.169 and Add.1 respectively described the policy for

reassignments, abolition of posts and staff reduction. These bulletins informed the staff members of the various possibilities in the staff reduction to be completed by the end of 1993. At the same time the procedure of agreed termination, foreseen in staff regulation 10.3(b) was emphasized, thus being the course of action that would be followed to terminate the contracts of staff members on a mutually agreed basis. As a consequence, about 110 staff members left (or will leave after special leave) the Organization on this basis.

180. From our examination we learned that this part of the reduction exercise was executed in two phases:

(a) During the first period (representing about 60 per cent of the cases), priority was given to requests from staff members who wanted to terminate their appointment. Because the staff reduction should not jeopardize the ability of the Organization to comply with its mandate we asked Management whether there were cases where the continued services of staff members were essential for the work of the Organization and agreed termination was refused for these reasons. Management provided us with a list of these cases.

(b) Because the number of voluntary requests for separation was not sufficient to balance the financial situation of the Organization, a second step was initiated. Thus some staff members were selected for termination of their appointment. According to Management, many criteria were used for identifying those staff members, especially in those instances where the functions performed by the staff members were not essential for the work of the Organization. In those cases the outcome of the implemented procedure was also an agreed termination that implied the written agreement of the staff member concerned (representing about 40 per cent of the cases).

181. With regard to the termination indemnities paid to staff members we, noticed that the staff rules and regulations are not sufficiently clear and precise, thus leaving room for interpretation by the Secretariat. In accordance with staff rule 110.05 (a) and (c), a fixed-term appointment shall expire automatically and without prior notice on the expiration date specified in the letter of appointment, but in the interests of sound management every effort shall be made to inform the staff members who have held fixed-term appointments for a continuous period of more than five years of the outcome of the review of their contractual status reasonably in advance of the expiration of their appointment. We noticed some cases where staff members whose appointments should expire in the near future received a termination indemnity, whereas waiting for the mere expiration of their appointments should have led to less costs for the Organization. To our observation Management argued that staff members having a fixed-term appointment with more than five years service were specifically addressed in line with General Assembly resolution 37/126. The implications of this resolution are that those staff members might be in a legal position to claim parity with staff members holding permanent appointments when it comes to payment of termination indemnities. Under the circumstances we recommend that the Staff Rules and Regulations of UNIDO should be adapted to the scope of the General Assembly resolution. In any case this will avoid all misunderstandings and warrant the equal treatment of all staff members concerned.

182. With regard to the cost of this staff reduction exercise our audit indicated that the Secretariat made every effort to address the personal circumstances of the individuals affected by the exercise and to make the termination indemnities as attractive as possible for a large number of staff members. As a result of this policy the number of potential costly litigation cases are certainly reduced significantly but the total cost of the operation in the amount of $7.125 million was certainly also affected by it.

183. In his report on the financial situation of UNIDO (cf. IDB.11/6 Add.1) the Director-General informed the policy-making organs that the staff reduction will necessarily result in additional separation costs under both the regular and operational budgets. In this regard we noticed that the separated staff members were initially recruited on both budgets. However, for most staff members holding an "operational budget post" the salary for the last month of service was charged to a "regular budget post"; consequently most indemnities were charged to the regular budget, which is substantiated in the following breakdown:

- Regular budget: $6.890 million
- Operational budget: $0.235 million

184. The staff reduction was initiated because of the continuing depletion of the financial resources of the Organization. We therefore wondered if it was not possible to reach the same results by applying a more economical policy with less costs than the course of action based on agreed terminations. The Programme and Budget Committee in its conclusion 92/5 indeed requested the Director-General to take the necessary measures to balance the operational budget through, inter alia, "reduction of staff through normal attrition or separation or other appropriate measures". Thus a conceivable and appropriate measure could have been to freeze the extension of some fixed-term contracts. Accordingly we observed that between August 1993 and January 1994, apart from the common services, appointments of some 125 staff members were extended and that only in a few cases the appointment was terminated. Though we agree that due regard had to be given to the particular skills of the staff members concerned, their seniority, and the needs of the Secretariat's reprioritized programmes, it is hard to believe that all 125 extensions of these fixed-term appointments were essential for the Organization's work while at the same time about 110 agreements were terminated at substantial costs.

185. In its reply, Management stated that during the course of the staff reduction exercise it was necessary for the Organization to fulfil its mandate and therefore staff members' contracts had to be extended. It was particulary necessary to retain those staff members whose skills were very much needed in fulfilling this mandate and who could further contribute in the reorganized UNIDO. We, however, are still of the opinion that the non-extension of more fixed-term appointments would here have been a more economical and appropriate policy approach.

Staff mobility and rotation

186. It is well known that since UNIDO became a specialized agency, continuous policy changes in the global economy have affected the roles of Governments, enterprises and industrial institutions, the conditions of production and the flows of trade, investment and technology. As a matter of course the Organization must be informed as effectively as possible of these events. In this regard, part of the useful and valuable information can be found in the field and therefore UNIDO should encourage staff to move to the field. Moreover, this policy offers staff an opportunity to broaden their skills and enables the Organization to derive maximum benefit from individual staff members. We therefore asked for a list of staff at the P-3 and higher levels who since 1 January 1886 moved temporarily from Headquarters to the field or another Organization.

187. Management provided us with four tables listing the staff members who left Headquarters temporarily. Table 1 contained the names of 15 staff members who have been released to serve in various missions launched by the United Nations at the direction of the General Assembly and the Security Council. According to Management these missions have served as a useful cost-saving measure for UNIDO and have given the staff concerned the opportunity to acquire field experience. The second table listed 18 Headquarters staff members who have been assigned to the field as UNIDO Country Directors (UCDs). The two other tables respectively listed six staff members who were released to other Organizations in accordance with the Inter-Organization Agreement concerning Transfer, Secondment or Loan of Staff Among The Organizations and four staff members who have worked under projects and the Investment Promotion Service (IPS) Office in Milan.

188. While not denying that all these staff members had or will have the opportunity to acquire a certain field experience we nevertheless doubt if, except for the UCDs, this experience is really beneficial for UNIDO. Moreover, as we noticed that most of these staff members were promoted to a higher grade upon leaving or returning to UNIDO, we wonder if staff did not primarily move to the field to get a promotion. Although we believe that a certain compensation may be granted to staff who are prepared to go to the field, in our opinion one of the purposes of these moves must be to acquire up-to-date knowledge and information on the changes in the world of technology and industrialization and on the use of this in the best way for the developing countries.

Representation of women in the Secretariat

189. Several progress reports were presented by the Director-General to the policy-making organs on this item. Nevertheless we tried to find out why there was a significant difference in promotion possibility between the lower and higher levels of women in the Secretariat.

190. In this regard we noticed a remarkable disparity between men and women when it comes to promotion to the P-5 level. As shown in table 21, equal treatment is warranted for the promotion (or first appointment) to the P-4 level but this situation completely changes at the P-5 level. From that moment, there is an important difference in the average age of both groups, which is undeniably an additional disadvantage for further promotions.

191. In reply to our observation, PSD stated that in order to address this inequality, the Director-General has decided to apply exceptionl measures during the next promotion reviews in order to allow women to be considered at an earlier age for higher level positions.

192. As already mentioned in the Annual Report of UNIDO for 1993 (cf. IDB.12/2, chap. VII, para. 7 and table 1), women's representation at the senior professional levels was seriously affected by the staff reduction programme. Although in this context the number of eight high-level women as at 31 December 1993 is exact, we would like to specify that as at 1 January 1994 only five women occupied high-level posts. Compared with the number of ten women as at 31 December 1992, this represents a decrease of 50 per cent in the representation of this group over a period of twelve months.

Recruitment of consultants

193. With regard to this recruitment procedure followed by the Secretariat, our audit revealed that the requesting offices generally do not justify the choice of a candidate. We observed that this justification, spelled out in Administrative Instruction ST/AI/296/Add.1 adopted for use by UNIDO as of 1 April 1984, is necessary, particularly when only one candidate is proposed to the Recruitment Section, which is generally the case. In its reply, the Secretariat stated that, since it is the substantive division that is ultimately responsible for delivering quality work, PSD has to assume that the requestor has made sure that the chosen consultant is the best available candidate but always reviews carefully the background of the proposed consultant. This answer could not persuade us, because according to the instructions not only the need for a consultancy has to be clearly justified by the requesting officer, but also the proposed consultant in order to warrant that the right person will be recruited. Therefore we recommend that, in future, particular attention should be given to this justification.

Table 21

Average age of the P-4 and P-5 staff members' group

Grade	Average age at promotion		Average age as at 30 June 1993	
	Male	Female	Male	Female
P-4	43	44	49	49
P-5	47	53	53	56

194. We also noted that in most cases, the special service agreement for an individual consultant provides for a lump sum payment that includes the fee, the travel costs and the other entitlements. In addition, the travel costs in question are always calculated on the basis of the official standard of accommodation, even if the consultant prefers a more economical accommodation. However, according to the aforementioned instruction, a lump sum payment only represents the value of the services to the Organization and consequently including the travel costs in a lump sum is a deviation from the staff rules concerning official travel which are, pursuant to the stipulations of financial rule 109.12, applicable to the consultant. Moreover, according to paragraph (k) of appendix G to the staff rules, only payment at the rate paid by the traveller may be reimbursed.

195. On our observation Management stated that, since the fees offered by some other organizations are higher than UNIDO can offer, a lump sum arrangement is a bargaining item for UNIDO and the lump sum package makes it more attractive and acceptable for the consultant. If those persons choose to reduce their comfort in favour of a higher fee, UNIDO should be flexible and not make it impossible for them to do so. Further, it was explained that this system also enables the Organization to obtain a large number of well-qualified consultants and reduces the administrative investment of the Secretariat.

196. We are nevertheless of the opinion that if it is deemed necessary to grant special travel arrangement conditions to consultants, this should be clearly spelled out in the staff rules. Accordingly, we recommend strict compliance with the Financial and Staff Rules of UNIDO.

Performance appraisal report

197. A new performance appraisal report system was introduced with administrative instruction UNIDO/DA/PS.55 dated 28 December 1988, taking effect at 1 January 1989. Our audit disclosed that four years after the introduction of the new system, still 16 per cent of the sample files we reviewed do not contain a performance appraisal report. Though we agree that some time was necessary for a full application of the new procedure, we observed that in this case the period of transition between the old and the new system was obviously long.

198. In its reply, Management pointed out that the International Civil Service Commission (ICSC) and UNIDO both came to the conclusion that the schemes were basically sound but that problems occur in their application. Therefore, the anomalies will be reduced as staff become more familiar with the new system, and with appropriate training. Management explained further that ICSC gave detailed considerations to a package consisting of, inter alia, revised principles and guidelines for performance and appraisal, as well as training modules. Because this issue had to be resolved within the context of the common system, UNIDO concentrated its efforts in 1993 on coordinating activities at the inter-agency level.

199. Since the actual scheme concerning the performance appraisal report is basically sound, we recommend that necessary measures are taken by the Secretariat to apply the new system without waiting for revised principles or guidelines of ICSC. One may indeed not forget that this new appraisal report should serve, as foreseen, as a basis for administrative decisions such as contractual status and salary increments that are to be decided daily.

200. With regard to the normal period of two years covered by the performance appraisal report, we observed that this period was seriously exceeded in 28 per cent of the sample files we reviewed. In this regard Management stated that it has been the practice in those cases to permit the period covered by the report to be extended so that the information on the staff member's file is as up to date as possible and to prevent further delays occurring. We nevertheless think that such extensions should be avoided in order to regularly provide relevant information that is important for the staff member's career and the transparency of the management of the service concerned.

201. The main purpose of the new system is to ensure that realistic work assignments are identified for each staff member prior to the reporting period. Nevertheless, we observed that assignments were very rarely described at the beginning of the work period but were often drawn up after completion of that period. Consequently, the appraisal of the staff member's achievement does not give all the required guarantee of objectivity.

202. In this regard, Management explained that the transition from a "post facto" review, which characterized the old system, to a "forward looking" procedure may take some time for staff and their supervisors to get used to. As already mentioned before, we think that this period of transition between the old and the new system is rather long.

203. Concerning the appraisal of the results achieved made by the supervisor of the staff member, our examination disclosed that in some cases there were contradictions and discrepancies in various classified documents. On this subject, Management explained that there may be a reluctance of certain staff members and/or their supervisors to address problem issues directly in the performance appraisal reports. This can result in a "sanitized" report but most discrepancies eventually come to light for PSD, especially in cases involving contractual review. Nonetheless, we recommend that the possibility of a "sanitized" report should be avoided in any case in order to ensure the usefulness of the performance appraisal system.

Home leave travel

204. With regard to the new contract for the provision of travel agency services (see paras. 117-119), and in particular the discount of 4.8 per cent offered by the contractor for all tickets bought by UNIDO, we noticed that this discount is not taken into account when the Secretariat calculates the staff members' entitlements for home leave travel. According to paragraphs (e) and (s) of appendix G to the staff rules concerning official travel, a staff member authorized to travel on home leave may request payment of an amount equivalent to 80 per cent of his/her entitlement, which is transportation at the least costly air fare structure regularly available. Since UNIDO can buy all its tickets at special conditions, we are of the opinion that these conditions constitute the most economical and least costly air fare structure for the

Organization. We therefore concluded that in such case the entitlement of a staff member equals an amount of 80 per cent of the price that UNIDO would pay if the Secretariat had to buy the ticket.

205. In its reply, Administration pointed out that the staff rules concerning home leave travel are staff entitlements and that any change in such entitlements would entail a departure from the Untied Nations common system of salaries and allowances, and would be at variance with Article 11.5 of the Constitution of UNIDO. The phrase in the staff rules "air fare structure regularly available" clearly refers to official air fares quoted by scheduled companies on the open market and not to an amount quoted exclusively by one particular travel agency, which would be inconsistent with the spirit of this rule. The Secretariat further argued that our interpretation might also be counter-productive to the efforts of the Organization in saving moneys since the restriction can make the cash option less attractive to the staff.

206. We, however, cannot agree that a change in the entitlements would entail a departure from the United Nations common system because:

(a) UNIDO seems to forget that it was itself one of the first organizations to introduce this new system for home leave travel in 1987, thus deviating from the common system;

(b) At this moment different rules exist in the various United Nations agencies concerning home leave travel with sometimes substantial differences in the entitlements.

207. We are also not convinced that the words "air fare structure regularly available" only refers to official air fares. Since appendix G to the staff rules clearly and repeatedly to the real cost of an official travel (cf. paras. (e), (k), (r)), our interpretation based on the real cost can be supported and may lead to additional savings.

208. As a follow-up we inquired on the economies made since the special arrangements for home leave travel were introduced in 1987. Management provided us with a detailed computation showing that savings in the amounts of $935,736 on travel costs and approximately $260,000 on stopovers respectively were realized.

General conclusions and recommendations

209. Under several headings of the present report reference is made to Management's comments - on audit observations - deploring explicitly the inadequate staffing situation of, inter alia, the Accounts and Payment Section, Contracts and Purchase Sections, and the Management Information Services. Though we cannot judge at this stage and from the limited scope of our own examinations, the actual merit of such claims and statements, it would, in our view, nevertheless be advisable for the Secretariat to pay due regard to such frequent Management complaints especially in the Department of Administration and its vital sections such as the Accounts and Payments Section (APS).

210. We, therefore, strongly recommend that the Secretariat should undertake at an early stage a thorough and Organization-wide workload and staffing review, and that the policy-making organs should be informed of the findings and the (redeployment) proposals resulting from this exercise.

211. From the very beginning the Organization was facing financial problems. As a matter of fact, personnel management was influenced continuously by this situation, which became clear from various measures taken by Management, i.e. the successive reorganizations and restructurings of the Secretariat and the two separation excercises in 1987 and 1993, respectively. Thus it looked as if job stability was not secured which obviously created an unpleasant atmosphere and had a negative influence on the motivation of the staff. Therefore it is a prerequisite to boost the morale of the staff. Because the Organization has no independent staff inspection that considers the programme of work free from interference by line management and takes account of the views expressed by the personnel staff, we advise that such a unit should be established, even more so since the Human Resources Planning Unit has been transferred to PSD (see also para. 175 above). Another solution might be the recruitment of a consultant from the private sector. Thus the staff would have the possibility to express unconstrained opinions and speak freely and easily. This can restore an atmosphere of confidence and also provide for independent advice to top management.

212. Since there will be a necessity for UNIDO to fully adapt its structure to the changing needs of the developing countries in a rapidly changing technological world, the Organization must anticipate this situation as quickly as possible. For that purpose it is necessary to have a flexible personnel policy, which is only possible when most of the staff, particulary in the Professional category, are recruited on a fixed-term basis with a maximum of eight years. To make sure that enough candidates will apply, staff members recruited under these conditions must be assured that they can follow courses in their speciality field for at least one month a year and have the opportunity to go to the field. These conditions should be clearly stated in the vacancy announcements. Through such a system the staff members have a warranty that they can update their knowledge so that they can easily find another job later on and the Secretariat also has the benefit of having capable and motivated staff members.

OTHER MATTERS

Draft finance manual

213. Pursuant to the decision of the Board (cf. IDB.8/Dec.30 (d)) that endorsed conclusion 1991/2, para. 2 (d) of the Programme and Budget Committee (cf. paras. 188-192 of the report of the External Auditor on the accounts of UNIDO for the financial period 1990-1991 - IDB.10/4), we reviewed the final draft of the finance manual in March 1993.

214. The Administration agreed with most of our comments and the recommendations made in this respect and promised to take them into account in the final editorial process of the manual.

215. Fact is that so far still no formal and official version of the manual has been

distributed because the Secretariat did not want to finalize and publish it until the new Financial Regulations and Rules of UNIDO were adopted.

Amounts written off, cases of fraud or presumptive fraud, and ex-gratia payments

216. The Secretariat confirmed that, during the biennium 1992-1993, there had been no cases of fraud or presumptive fraud and no ex-gratia payments were effected.

217. With regard to write-off cases we were informed that, pursuant to financial rule 109.14, preparatory work has been undertaken by APS and that case files have been established that should assist the Internal Auditor in his investigations to advise the Director-General to authorize write-offs.

ACKNOWLEDGEMENT

218. As my term of appointment as External Auditor of the United Nations Industrial Development Organization comes to an end, I wish to take the opportunity to record my special thanks and appreciation for the valuable assistance and cooperation extended to me and to the auditors by the Director-General and his staff during the audit of the UNIDO accounts and activities throughout the eight-year period I have had the privilege to serve as the External Auditor of the Organization. The readiness of UNIDO staff to provide information and to give explanations whenever requested to do so, coupled with the openness and the expertise with which such information and explanations always have been given, have made it much easier for me and for my officers to carry out the external audit examinations as required.

Jeroom L. E. VAN de VELDE
Senior President of the Court of Audit
Belgium
External Auditor

Brussels, May 1994
2 (two) ANNEXES

Annex I

FIELD AUDITS

1. In February and March 1993 we carried out a field audit of the country programming and project indentification/formulation activities as well as of nine and four UNDP funded projects in Thailand and Indonesia respectively. Our examinations included reviews of project documents, finanical records and administrative arrangements for the projects. Discussions were held with UNDP Resident Representatives, the UNIDO Country Directors (UCDs) and the Junior Professional Officers (JPOs).

Country programming

2. Under the instruction concerning country programming, UNIDO draws up its own programme of assistance for the industrial sector of each developing country (cf. Handbook for UNIDO Field Staff, pp. 50-51). For UNIDO, the task of country programming involves identifying those areas of activity that would make the most positive impact on industrial development, which measures would be required to bring that about, and exactly how external assistance could contribute to an effective outcome.

3. On request of UNDP, UNIDO prepared in November 1990 an industrial sector report providing an overall review of Thailand's state of industrial development and major prospects and constraints in a medium-term perspective, as well as, recommendations on development objectives to be supported in the fifth UNDP country programme (CP-V) (1992-1996).

4. We fully appreciate this UNIDO report, providing a structured framework for identifying the needs of Thailand and later project formulation.

5. For Indonesia no such programme was established at the time of our audit. We recommended that instructions concerning the establishment of a country programme should be respected in any case, especially as this exercise appears to fit in with the new emphasis on policy analysis called for under the new UNDP "successor arrangements for agency support costs".

6. We also stated a lack of real impact of UNIDO's contribution to the UNDP programming mechanism, resulting in a limited amount of Indicative Planning Figure (IPF) projects assigned to UNIDO, especially in Indonesia.

7. As shown below the amount of IPF projects executed by UNIDO in Indonesia decreased seriously in the current country programme, compared to previous programmes:

	US dollars
First country programme (34 projects):	$ 6,308,490
Second country programme (6 projects):	$11,834,922
Third country programme (19 projects):	$13,815,425
Fourth country programme (1 project) :	$ 693,000

8. We therefore recommended that UNIDO should thoroughly investigate this situation in order to devise a strategy for further enhancing its input in UNDP and national programming exercises.

9. In this respect Management explained that UNIDO staff dealing with programming matters had carried out a mission to Indonesia in December 1988 and that their mission report was discussed at an interministerial consultation meeting, attended by UNDP and UNIDO. While the UNDP Resident Representative at that time was supportive of UNIDO's programming work, his successor took a different course of action and seemed to ignore proposals discussed with his predecessor. It further drew attention to the fact that UNDP successor arrangements, including policies concerning government execution, which were taking effect beginning 1992, affected approval rates experienced by all agencies in all countries, not only Indonesia. UNIDO attempts to adjust to the new priority areas of UNDP, i.e. participation in UNDP's environmental mission in order to develop an industrial pollution prevention programme and several TSS-1 proposals geared towards environment, poverty alleviation and human resources development, were not positively considered by UNDP.

10. Management also stated that UNIDO's problems regarding the impact on UNDP's programming exercise

have created conditions requiring a more flexible and active approach and that, after successful implementation of current efforts to restructure and streamline UNIDO, the Organization should be able to tackle these challenges.

Project identification and formulation

11. Our audit further revealed that at the request of the UNDP Resident Representative in Indonesia, a project identification/formulation mission was carried out by a UNIDO team in February/March 1990 in order to identify new activities to be developed under the fourth UNDP country programme. As a result, 20 new projects were proposed, with total estimated UNDP inputs of $24,926,000.

12. At the time of our audit only one of the listed projects (DP/INS/90/019 - Assistance towards modernization of foundry industry - in the amount of $693,000) was approved for UNDP funding.

13. Another project (INS/91/001 - Assistance to PT BARATA, Phase II - in the amount of $1,618,000) was refused for IPF funding by UNDP headquarters in March 1993. The original Phase I (project DP/INS/018) was approved on 21 April 1988 and completed in October 1990 (UNDP input: $2,139,650). The need for a follow-up phase was not only strongly recommended by the above-mentioned mission but also by the July 1990 evaluation mission during the terminal tripartite review (TTR) (completed in October 1990) and subsequently, in a series of meetings involving all parties concerned. In spite of unanimous agreement to minimize the gap, the final Phase II project document was sent to UNDP for approval only in August 1992. On 17 March 1993, the Resident Representative of Indonesia was informed by UNDP headquarters that the Regional Bureau for Asia and the Pacific was unable to endorse the proposed project for consideration by the Action Committee for the following reasons:

(a) The objectives of the proposed Phase II are essentially the same as those of Phase I, the only difference being the expansion of project activities from a pilot to a plant-wide basis;

(b) The proposal neither addresses the programme focus advocated by Governing Council decision 90/34 nor the priority programme areas of the fourth UNDP Country Programme in a direct and explicit manner;

(c) Its design involves no innovative features, but is rather a traditional type of technical assistance project;

(d) It does not in any way attempt to pursue the programme approach.

14. In this context, the UCD explained that the fifth UNDP Country Programme (1992-1996) in Indonesia has laid focus on poverty alleviation and environmental management and that the projects recommended by the above-mentioned project identification/formulation mission as well as the project proposals formulated by the Indonesian Government itself were not considered by UNDP to be falling within these priority areas. Moreover with regard to the use of IPF funds he questioned the relative value or importance of a specific government request for technical assistance versus the (global) priority areas laid down by the Governing Council of UNDP.

15. In our opinion, the above-mentioned findings clearly demonstrate the weakness of the former tripartite relationship marked by a prolonged project identification and formulation process, often resulting in a mere loss of effort and money, as well as in considerable frustration experienced by all parties involved. We therefore recommended that, under the current tripartite relationship, serious efforts should be made in order to minimize unproductive efforts in project identification and formulation.

16. We furthermore emphasized that if the time taken to formulate and approve projects is excessive, the risk exists that, when approved, the projects may no longer meet the requirements prevailing at the time of their conception. Therefore, and in order to meet promptly the needs of the developing countries, it is important to keep the formulation and approval time to a minimum consistent with the need to ensure high quality project design.

17. Management agreed that approval of UNDP projects in Indonesia has been slow, thus resulting in a considerable decline of UNIDO-executed projects. It stated that this is an issue of major concern to UNIDO and that most of the problems can be traced to UNDP policies.

Project management

18. From the examination of procedures for the management of projects and an audit of 13 projects in the field, we noticed that in general projects are administered satisfactorily and in conformity with UNDP and UNIDO guidelines. However, we brought to the attention of management a few areas where, in our view, the Organization should take action. As such, our audit revealed that most of the projects reviewed could not be implemented as scheduled in the project documents because their start and implementation were hampered by:

(a) Difficulties in identifying and selecting suitable experts and delays in the clearance process by the Government (seven projects);

(b) Delays in delivery and installation of major equipment components (four projects);

(c) Budget constraints (three projects);

(d) The Government's inability to deliver project inputs on time (one project);

(e) Delays and inaccuracies in the UNIDO selection of subcontractors and the award of the contracts (one project);

(f) Delay in nominating fellows and participants for study tours (one project).

19. We recognize that UNIDO often has no direct control over factors that cause the delays in Government clearance; nevertheless we recommended that UNIDO should try to negotiate measures with the recipient countries to facilitate procedures within a target period deemed appropriate. If deadlines established in the project document are exceeded owing to delays in the clearance process, the Government, in any case, must be informed of consequences and should systematically be reminded to speed up its actions. We also suggested to start preparatory work for the recruitment of the project leader, chief technical advisers or

National Project Directors, prior to the final approval of the project document, especially when identification and nomination difficulties can be expected.

20. We noted that in one project several equipment components did not meet the original specifications and requirements, failed to work or were not completely delivered - what was noticed only after a long period. We therefore pointed out that project leaders should display a sense of responsibility in inspecting and certifying the receipt of items of equipment at the project site and we insisted that recourse action be taken promptly in case equipment is received either damaged or not in accordance with specifications.

21. We also recommended that if a project calls for important and various items of equipment and when it is anticipated that delivery of equipment will take much time, a careful planning of project activities should be undertaken in order to anticipate possible delays and to find alternative solutions. In this regard, good communication and interaction between field staff and UNIDO Purchase Section and backstopping services would enhance planning and budgeting of project equipment procurement.

22. Finally, we suggested an increased use of formulation or preparatory assistance at the outset of the project in order to arrive at more precise equipment specification at the formulation stage.

23. Our audit also revealed that some project budgets increased considerably during project implementation and that project revisions were caused by for example unrealistic estimates of the inputs and their costs at the outset. We therefore stressed that it is of utmost importance that field staff monitor carefully the preparation of the initial project budget and all its subsequent versions and we recommended that appropriate measures be taken to ensure in future a more realistic budgeting and project implementation planning. Accordingly, the project document should provide for adequate funding to permit an orderly completion. Inflationary factors and realistic costs for experts and equipment components must be kept in view to avoid funding problems at a later stage which then usually result in compromising on the quality of essential components.

24. We are furthermore of the opinion that a new project document rather than a project revision should be used when (as was the case for one project) it is intended to produce further outputs in order to obtain a higher implementation level or a different objective.

25. With respect to one project we observed that the invitee shortlists of subcontracting firms to be sent to the government counterpart for clearance should have been prepared more carefully in order to avoid time-consuming modifications afterwards and that UNIDO should also have tried to speed up its own selection process for subcontractors and the contract awarding.

26. One of the first steps in the implementation of a project should be to prepare and secure agreement on a detailed work plan as prescribed in the UNDP Programme and Projects Manual. Work plans must also be kept up to date with realistic target dates. This is especially important in case the project document is signed several months after the work is scheduled to commence. We noted that for the projects reviewed in the filed detailed work plans were prepared by project management at the outset of the project operations but we did not find in the field office files any work plan updates as prescribed in the UNDP instructions.

27. As we found also that in seven of the projects reviewed, the rules governing the monitoring and evaluation of projects spelled out in the Handbook for UNIDO Field Staff were not always adhered to, we recommended that workplans should include a time-phased schedule for preparation and submission of project progress reports by team leaders such as: (a) a schedule of tripartite reviews, (b) a schedule of technical reviews and (c) indications how and when evaluations should take place.

28. We fully recognize that Project Performance Evaluation Reports and tripartite reviews are important management tools and we therefore insist that the relevant guidelines should be closely adhered to. In this respect it should be emphasized that the timing and preparation of the projects' monitoring and evaluation is mainly the responsibility of the field officers.

29. Our review also disclosed that for several projects the property control forms had not been completed in time. Under the circumstances we insisted that for every project a physical inventory should be taken as of 31 December or the closest practical day and the completed property control forms should be returned to the Inventory Control and Property Management Unit at Headquarters not later than 31 January of each year.

30. Management replied that it is aware of problems arising from delays in clearance procedures. In its opinion, however, clarification and improvement of the situation should be pursued by the UNDP Resident Representative who may judge direct negotiations of UNIDO with the Government on this issue as an interference with his/her responsibilities and authority. It further stated that some of our observations indicating shortcomings as to the adequacy, effectiveness and efficiency of rules and regulations as well as problems concerning compliance with existing directives were noted by the Internal Audit Service of the Organization which will take them into account when carrying out a series of management audits of the rules and regulations governing the delivery of UNIDO services. The intention of such audits is to systematically review and analyse current practices with a view to improve - where necessary - policies, processes and procedures, hence having an impact on the overall operations of the Organizations.

Annex II

LIST OF TABLES

Table	Title	Page
1	Regular budget. Status of assessed contributions unpaid, 1986-1993	8
2	Regular budget. Status of assessed contributions unpaid, 1986-1993	8
3	Regular budget. Status of assessed contributions in respect of the current and first prior biennium, 1988-1993	8
4	Regular budget. Unutilized balances of appropriations and biennial excesses of income over expenditure, 1986-1993	9

LIST OF TABLES (continued)

Table	Title	Page
5	General Fund. Status of appropriations by major object of expenditure for the biennium 1992-1993 as at 31 December 1993	10
6	Regular budget. Expenditure by major object of expenditure category at the end of the second year of bienniums, 1986-1993	11
7	Regular budget. Status of unliquitated obligations and savings on the liquidation of obligations, 1987-1993	11
8	Regular programme of technical cooperation. Expenditure by major object of expenditure component for the biennium 1992-1993 as at 31 December 1993	12
9	Commitments recorded and reported as at 31 December 1993	12
10	Special account for programme support costs. Income and expenditure 1986-1993	14
11	Special account for programme support costs. Income and expenditure for 1992 and 1993	14
12	Special account for programme support costs. Assets, liabilities and fund balances, 1987-1993	14
13	UNDP operating fund. Status of expenditures, 1989-1993	16
14	Technical assistance funds. Balances of accounts concerning advances for seminars and study tours, as at 31 December 1993	17
15	Technical cooperation activities executed by UNIDO. Status of expenditure, 1986-1993	22
16	Electronic data-processing expenditures for the 1992-1993 biennium	23
17	Electronic data-processing. Comparison of budgeted resource requirements with actual expenditures (at budget rate) as recorded in the status of allotments for the 1992-1993 biennium as at 31 December 1993	24
18	Electronic data-processing. Comparison (in terms of percentage) of the total EDP non-staff costs for the 1992-1993 biennium as presented in tables 16 and 17	25
19	Electronic data-processing. Comparison of the 1990-1991 and 1992-1993 regular and operational budget EDP expenditures	25
20	Comparison of staff costs of substantive departments with project expenditure and total staff costs for the years 1986 to 1993	28
21	Average age of the P-4 and P-5 staff members' group	33

II. CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND OF THE INDUSTRIAL DEVELOPMENT FUND FOR THE FINANCIAL PERIOD 1992-1993 ENDED 31 DECEMBER 1993

To the President
of the Industrial Development Board

I have examined the following appended statements, numbered I to VII, properly identified, and relevant schedules of the United Nations Industrial Development Organization and of the Industrial Development Fund for the financial period 1992-1993 ended 31 December 1993, in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency.

My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. I have obtained all the information and explanations that I required for the purpose of the audit and, as a result of my examination, I certify that, in my opinion:

(a) The financial statements have been prepared in accordance with the stated accounting policies and procedures, which were applied on a basis consistent with that of the preceding financial period;

(b) The financial transactions reflected in the statements have been in accordance with the applicable Financial Regulations and legislative authority;

(c) The financial statements reflect properly the recorded financial transactions for the biennium ended 31 December 1993 and present fairly the Organization's financial position as at 31 December 1993.

[signed]
Jeroom L. E. VAN de VELDE
Senior President of the Court of Audit,
Belgium

External Auditor

III. FINANCIAL STATEMENTS FOR THE 24-MONTH PERIOD OF THE BIENNIUM 1992-1993 ENDED 31 DECEMBER 1993

CERTIFICATION OF FINANCIAL STATEMENTS

The appended statements, numbered I to VII, and relevant schedules, are approved.

Andrew Ingram
Acting Director
Financial Services

Mauricio de Maria y Campos
Director-General

GENERAL FUND

Statement I

Status of appropriations for the biennium 1992–1993 as at 31 December 1993 (note 2(a))*
(in United States dollars)

	Revised appropriations 1992–1993 (Schedule 1.1)						
Major programme	US$	AS	US$ equivalent at rate US$1 = 11.26	Disbursements during biennium 1992–1993	Unliquidated obligations as at 31/12/93	Total expenditure	Balance of appropriation
Policy-making Organs	423,400	27,342,840	2,851,716	1,890,665	331,207	2,221,872	629,844
Executive Direction and Management	719,400	69,581,310	6,898,913	6,181,423	87,301	6,268,724	630,189
Programme and Project Development	3,913,500	374,069,060	37,134,553	33,837,783	1,370,843	35,208,626	1,925,927
Industrial Promotion, Consultations and Technology	2,735,400	220,010,800	22,274,547	20,372,613	1,660,069	22,032,682	241,865
Industrial Operations	3,537,500	377,592,050	37,071,430	34,547,042	1,174,597	35,721,639	1,349,791
Common Programmes	2,544,500	170,817,930	17,714,831	11,866,896	4,638,832	16,505,728	1,209,103
External Relations, Public Information, Language and Documentation Services	2,898,170	313,136,270	30,707,786	24,690,406	1,187,398	25,877,804	4,829,982
Administration	6,513,430	912,770,450	87,576,525	74,563,487	5,715,428	80,278,915	7,297,610
Total A	23,285,300	2,465,320,710	242,230,301	207,950,315	16,165,675	224,115,990	18,114,311
	Approved estimates 1992–1993			Actual income	Accrued income	Total income	(Excess) shortfall
Income							
Administration	1,842,130	360,070,000	33,819,928	25,828,360	1,756,272	27,584,632	6,235,296
External Relations, Public Information, Language and Documentation Services	398,970	41,648,030	4,097,729	3,522,346	—	3,522,346	575,383
Other income [Schedule 1.2]							
(i) Estimate in GC.4/Res.27	1,325,300	5,486,370	1,812,544	2,702,378	—	2,702,378	(889,834)
(ii) Not estimated in GC.4/Res.27				(1,109,944)		(1,109,944)	1,109,944
Total B	3,566,400	407,204,400	39,730,201	30,943,140	1,756,272	32,699,412	7,030,789
Total A–B	19,718,900	2,058,116,310	202,500,100	177,007,175	14,409,403	191,416,578	11,083,522

* Refers to note contained in annex I to the present document.

Schedule 1.1

GENERAL FUND

Appropriations for the biennium 1992-1993 (note 2(a))

Major programmes	Appropriations US$	Appropriations AS	Appropriations US$ equivalent at rate US$1 = AS 12.90	Revisions US$	Revisions AS	Revisions US$ equivalent at rate US$1 = AS 12.90	Revised appropriations US$	Revised appropriations AS	Revised appropriations US$ equivalent at rate US$1 = AS 12.90
Policy-making Organs	423,400	27,342,840	2,543,000				423,400	27,342,840	2,543,000
Executive Direction and Management	719,400	69,581,310	6,113,300				719,400	69,581,310	6,113,300
Programme and Project Development	3,926,800	375,653,160	33,047,200	(13,300)	(1,584,100)	(136,100)	3,913,500	374,069,060	32,911,100
Industrial Promotion, Consultations and Technology	2,463,800	190,971,600	17,267,800	271,600	29,039,200	2,522,700	2,735,400	220,010,800	19,790,500
Industrial Operations	3,819,000	407,801,250	35,431,500	(281,500)	(30,209,200)	(2,623,300)	3,537,500	377,592,050	32,808,200
Common Programmes	2,544,500	170,817,930	15,786,200				2,544,500	170,817,930	15,786,200
External Relations, Public Information, Language and Documentation Services	2,898,170	313,136,270	27,172,270				2,898,170	313,136,270	27,172,270
Administration	6,490,230	910,016,350	77,034,130	23,200	2,754,100	236,700	6,513,430	912,770,450	77,270,830
Total A	23,285,300	2,465,320,710	214,395,400				23,285,300	2,465,320,710	214,395,400

Income	Approved estimates US$	Approved estimates AS	Approved estimates US$ equivalent at rate US$1 = AS 12.90	Approved estimates US$	Approved estimates AS	Approved estimates US$ equivalent at rate US$1 = AS 12.90
Administration	1,842,130	360,070,000	29,754,530	1,842,130	360,070,000	29,754,530
External Relations, Public Information, Language and Documentation Services	398,970	41,648,030	3,627,470	398,970	41,648,030	3,627,470
Other income (Schedule 1.1)	1,325,300	5,486,370	1,750,600	1,325,300	5,486,370	1,750,600
Total B	3,566,400	407,204,400	35,132,600	3,566,400	407,204,400	35,132,600
Total A-B	19,718,900	2,058,116,310	179,262,800	19,718,900	2,058,116,310	179,262,800

GENERAL FUND

Schedule of income for the biennium 1992-1993

	Approved estimates for the biennium 1992-1993			Actual income for the biennium 1992-1993 (US$)
	US$	AS	US$ equivalent at US$1 = AS 11.26	
A. Miscellaneous income estimated at the time of approval of regular budget appropriations				
Bank interest				2,414,243
Revenue-producing activities				288,136
Total A	132,530	5,486,370	1,812,544	2,702,379
B. Miscellaneous income items not taken into account at the time of approval of regular budget apropriations				
Refund of expenditure, prior biennium				204,626
Sale of used equipment				9,902
VIC cost-sharing activities, prior biennium				770,509
Other miscellaneous income				109,895
Net gain on exchange a/				--
Total B	--	--	--	1,094,932
C. Net loss on exchange a/				(2,204,876)
Total C	--	--	--	(2,204,876)
Total A+B+C	1,325,300	5,486,370	1,812,544	1,592,434

a/ See note 1 (o) (iv) in annex I to the present document.

Schedule 1.3

GENERAL FUND

Status of appropriations by major object of expenditure for the biennium 1992–1993 as at 31 December 1993
(in United States dollars)

Major object of expenditure	Appropriations 1992–1993 US$	AS	US $ equivalent at rate US$1 = 11.26	Disbursements during 1992–1993	Unliquidated obligations as at 31/12/93	Total expenditure	Balance of appropriations
Appropriation							
Salaries and common staff costs	16,389,500	1,719,256,100	169,076,542	152,619,452	6,514,933	159,134,385	9,942,157
Travel on official business	1,361,300	26,337,700	3,700,350	2,450,692	271,107	2,721,799	978,551
Contractual services	256,000	5,884,900	778,638	553,603	49,789	603,392	175,246
General operating expenses	1,185,400	366,999,800	33,778,633	24,282,457	3,959,596	28,242,053	5,536,580
Supplies and materials	188,800	11,894,000	1,245,106	679,901	485,543	1,165,444	79,662
Acquisition of furniture and equipment	72,300	11,508,000	1,094,325	716,847	275,227	992,074	102,251
Acquisition and improvement of premises	300,000		300,000	175,000	125,000	300,000	—
Technical cooperation	1,184,200	123,472,900	12,149,822	9,087,574	3,046,240	12,133,814	16,008
EDP non-staff costs	413,400	76,773,100	7,231,615	6,186,450	587,681	6,774,131	457,484
Other expenditures	1,934,400	123,194,200	12,875,270	11,198,339	850,559	12,048,898	826,372
Total A	23,285,300	2,465,320,700	242,230,301	207,950,315	16,165,675	224,115,990	18,114,311

Income	Approved estimates 1992–1993			Actual income	Accrued income	Total income	(Excess) shortfall
Salaries and common staff costs	1,506,200	194,891,200	18,814,477	15,380,852		15,380,852	3,433,625
Travel on official business	4,700	96,700	13,288	15,750		15,750	(2,462)
General operating expenses	628,700	194,650,700	17,915,618	13,118,914	1,528,300	14,647,214	3,268,404
Supplies and materials	48,000	3,022,500	316,428	124,445	137,795	262,240	54,188
Acquisition of furniture and equipment	29,600	4,694,300	446,501	288,296	90,177	378,473	68,028
EDP non-staff costs	23,300	4,322,800	407,208	415,565		415,565	(8,357)
Other expenditure	600	39,830	4,137	6,884		6,884	(2,747)
Total B	2,241,100	401,718,030	37,917,657	29,350,706	1,756,272	31,106,978	6,810,679
Other income	1,325,300	5,486,370	1,812,544	2,702,378	—	2,702,378	(889,834)
Total C	1,325,300	5,486,370	1,812,544	2,702,378	—	2,702,378	(889,834)
Total A–B–C	19,718,900	2,058,116,300	202,500,100	175,897,231	14,409,403	190,306,634	12,193,466

GENERAL FUND

Statement of income and expenditure for the biennium 1992-1993

(In United States dollars)

	1992-1993	1990-1991
Assessment of Member States, 1992-1993 (note 2 (a))*	202,500,100	172,417,179
Add: Unutilized balance of 1986-1987 appropriations transferred to income	--	4,377,386
Add: Increase (decrease) in value of assessment due to exchange fluctuations (note 2 (b))	(2,408,829)	(292,998)
Income from Member States, 1992-1993	200,091,271	176,501,567
Other income	32,699,412	22,682,485
Total income	232,790,683	199,184,052
Deduct: Expenditure	224,115,990	193,843,956
Provisional excess of income over expenditure (note 2 (c))	8,674,693	5,340,096
Represented by:		
Receipts from Member States, 1992-1993	163,276,432	143,460,648
Unutilized balance of appropriations 1986-1987	--	4,377,386
Other income	32,699,412	22,682,485
Subtotal	195,975,844	170,520,519
Disbursements	207,950,315	184,000,801
Excess (shortfall) of receipts over disbursements	(11,974,471)	(13,480,282)
Unliquidated obligations, 1992-1993	16,165,675	9,843,155
Subtotal	(28,140,146)	(23,323,437)
Contributions due from Member States (schedule 3.1, subtotal 1)	36,814,839	28,663,533
	8,674,693	5,340,096

* References are to notes contained in annex I to the present document.

GENERAL FUND

Statement of surpluses due to Member States
as at 31 December 1993

(In United States dollars)

	1993	1991
1990-1991		
Provisional excess of income over expenditure	5,340,096	5,340,096
Add: Savings on liquidation of obligations in 1992 (Schedule 2.1)	2,242,258	
Add: Increase in value of AS contributions (note 2 (e))*	1,164,468	
Final excess of income over expenditure (retained GC.5/Dec.14)	8,746,822	
Deduct: Assessed contributions unpaid (Schedule 3.1, subtotal 1)	2,414,538	28,663,533
Provisional surplus (shortfall)	6,332,284	(23,323,437)
1988-1989		
Provisional excess of income over expenditure		1,521,997
Plus: Savings on liquidation of obligations in 1990	3,398,914	1,876,917
Plus: Increase in value of AS contributions (note 2 (f))		3,097,278
Final excess of income over expenditure (retained - GC.4/Dec.15)	6,496,192	6,496,192
Deduct: Assessed contributions unpaid (Schedule 3.1, subtotal 1)	454,445	1,670,239
Provisional surplus	6,041,747	4,825,953
Contributions from new Member States		
1990-1991	200,812	69,910
1988-1989	75,996	75,996
1986-1987	196,863	196,863
	473,671	342,769
Deduct: Contributions unpaid (Schedule 3.1, subtotal 2)	155,520	137,985
Contributions received	318,151	204,784

* References are to notes contained in annex I to the present document.

Schedule 2.1

GENERAL FUND

Savings on liquidation of 1990-1991 obligations by major object of expenditure

(In United States dollars)

	Salaries, other personnel costs	Travel	Contractual services	Operating expenses	Acquisitions	Fellowship grants, other	Total
Policy-making Organs	942	-	(4,149)	(324)	31	31,252	27,752
Executive Direction and Management	18,502	3,587	-	2,026	-	-	24,115
Programme and Project Development	279,699	11,336	-	19,417	-	2,313	312,765
Industrial Promotion, Consultations and Technology	278,979	24,750	12,895	6,000	-	4,860	327,484
Industrial Operations	408,898	13,425	54,860	(92)	107,381	300,118	884,590
External Relations, Public Information, Language and Documentation Services	99,809	3,929	3,462	70,555	43	13,450	191,248
Administration	118,271	-	-	221,340	100,575	34,118	474,304
Total	1,205,100	57,027	67,068	318,922	208,030	386,111	2,242,258

Schedule 2.2

GENERAL FUND

Status of appropriations for the biennium 1990-1991 as at 31 December 1993

(In United States dollars)

	Balance of appropriations as at 31/12/91	Savings on liquidation of obligations in 1992	Balance of appropriations as at 31/12/92
Policy-making Organs	642,349	27,752	670,101
Executive Direction and Management	928,876	24,115	952,991
Programme and Project Development	598,593	312,765	911,358
Industrial Promotion, Consultations and Technology	899,334	327,484	1,226,818
Industrial Operations	1,373,229	884,590	2,257,819
External Relations, Public Information, Language and Documentation Services	848,554	191,248	1,039,802
Administration	502,537	474,304	976,841
TOTAL	5,793,472 a/	2,242,258 b/	8,035,730

a/ Statement I, as at 31 December 1991.
b/ Statement II, as at 31 December 1993.

Statement III

GENERAL FUND

Statement of assets, liabilities and surpluses as at 31 December 1993

(In United States dollars)

		1993	1991
Assets			
Cash at banks (Schedule 3.2)		8,120,489	8,923,838
Accounts receivable (note 2 (f))*		6,286,558	8,515,974
Payments of national income tax recoverable (note 3)		1,252,360	-
Deferred charges (note 2 (g))		660,624	26,741,272
Assessed contributions receivable (Schedule 3.1, subtotal 1)			
Biennium 1992-1993	36,814,839		
Biennium 1990-1991	2,414,538		
Biennium 1988-1989	454,445		
Biennium 1986-1987	85,044	39,768,866	30,445,733
New Member States contributions receivable (Schedule 3.1, subtotal 2)			
1990-1991	76,371		
1988-1989	21,249		
1986-1987	57,900	155,520	137,985
Total assets		56,244,417	74,764,802
Liabilities			
Unliquidated obligations (Statement I)		14,409,403	9,843,155
Accounts payable and reserves (note 2 (h))		5,297,789	3,673,560
Due to other funds (note 2 (i))		145,847	855,870
Commitments (note 1 (l))			26,023,160
Advance from Working Capital Fund (Statement IV)			8,190,000
Loan from United Nations		12,000,000	14,000,000
Total liabilities		31,853,039	62,585,745
Surpluses due to Member States (note 2 (d))			
1992-1993			
Arrears of contributions receivable	36,814,839		
Provisional surplus (deficit) (Statement IIA)	(28,140,146)	8,674,693	
1990-1991			
Arrears of contributions receivable	2,414,538		
Provisional surplus (deficit) (Statement IIB)	6,332,284	8,746,822	5,340,096
1988-1989			
Arrears of contributions receivable	454,445		
Provisional surplus (deficit) (Statement IIB)	6,041,747	6,496,192	6,496,192
Contributions from New Member States			
Arrears of contributions receivable	155,520		
Contributions received (Statement IIB)	318,151	473,671	342,769
Total surplus due to Member States		24,391,378	12,179,057
Total liabilities and surpluses		56,244,417	74,764,802

* References are to notes contained in annex I to the present document.

Schedule 3.1

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET

(As of 31 December 1993)

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1993				Credits and Collections in 1993				Contributions Outstanding as of 31 December 1993					
		Prior Bienniums		Current Biennium		Prior Bienniums		Current Biennium		Prior Bienniums		Current Biennium (Rate: 12.00)			TOTAL
		Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	$ Equiv.	$ Equiv.
AFGHANISTAN	0.01	0	0	1,127	117,634	0	0	0	0	0	0	1,127	117,634	9,803	10,930
ALBANIA	0.01	0	0	1,972	205,812	0	0	0	0	0	0	1,972	205,812	17,152	19,124
ALGERIA	0.16	0	0	15,775	1,646,493	0	0	15,775	1,646,493	0	0	0	0	0	0
ANGOLA	0.01	29,036	0	1,972	205,812	29,036	0	203	21,224	0	0	1,769	184,588	15,383	17,152
ARGENTINA	0.56	0	0	61,756	6,445,620	0	0	0	0	0	0	61,756	6,445,620	537,135	598,891
ARMENIA	0.13	0	0	25,634	2,675,552	0	0	0	0	0	0	25,634	2,675,552	222,962	248,596
AUSTRALIA	1.50	0	0	147,892	15,435,872	0	0	127,763	13,334,967	0	0	20,129	2,100,905	175,075	195,204
AUSTRIA	0.74	0	0	72,960	7,615,030	0	0	72,960	7,615,030	0	0	0	0	0	0
AZERBAIJAN	0.22	0	0	21,691	2,263,928	0	0	0	0	0	0	21,691	2,263,928	188,661	210,352
BAHAMAS	0.02	23,645	0	3,944	411,624	23,645	0	798	83,298	0	0	3,146	328,326	27,361	30,507
BAHRAIN	0.03	0	0	2,958	308,717	0	0	2,958	308,717	0	0	0	0	0	0
BANGLADESH	0.01	18,327	0	1,972	205,812	18,327	0	266	27,732	0	0	1,706	178,080	14,841	16,547
BARBADOS	0.01	0	0	986	102,906	0	0	986	102,906	0	0	0	0	0	0
BELARUS	0.31	145,877	0	61,128	6,380,160	145,877	0	15,893	1,658,765	0	0	45,235	4,721,395	393,450	438,685
BELGIUM	1.05	0	0	103,923	10,846,721	0	0	103,923	10,846,721	0	0	0	0	0	0
BELIZE	0.01	8,752	0	1,972	205,812	8,752	0	1,972	205,812	0	0	0	0	0	0
BENIN	0.01	0	0	1,972	205,812	0	0	1,972	205,812	0	0	0	0	0	0
BHUTAN	0.01	0	0	986	102,906	0	0	986	102,906	0	0	0	0	0	0
BOLIVIA	0.01	2,289	0	1,972	205,812	0	0	0	0	2,289	0	1,972	205,812	17,152	21,413
BOSNIA AND HERZEGOVINA	0.04	0	0	7,888	823,246	0	0	0	0	0	0	7,888	823,246	68,604	76,492
BOTSWANA	0.01	0	0	1,972	205,812	0	0	196	20,427	0	0	1,776	185,385	15,449	17,225
BRAZIL	1.56	2,463,253	0	311,558	32,518,238	2,463,253	0	155,779	16,259,119	0	0	155,779	16,259,119	1,354,927	1,510,706
BULGARIA	0.13	0	0	12,817	1,337,776	0	0	0	0	0	0	12,817	1,337,776	111,481	124,298

Schedule 3.1

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1993 — Prior Biennium Dollar	Prior Biennium Schilling	Current Biennium Dollar	Current Biennium Schilling	Credits and Collections in 1993 — Prior Biennium Dollar	Prior Biennium Schilling	Current Biennium Dollar	Current Biennium Schilling	Contributions Outstanding as of 31 December 1993 — Prior Biennium Dollar	Prior Biennium Schilling	Current Biennium Dollar	Current Biennium Schilling	(RoE. 12.00) $ Equiv.	TOTAL $ Equiv.
BURKINA FASO	0.01	39,305	0	1,972	205,812	0	0	0	0	39,305	0	1,972	205,812	17,152	58,429
BURUNDI	0.01	0	0	1,906	198,964	0	0	757	79,088	0	0	1,149	119,876	9,990	11,139
CAMEROON	0.01	199	0	1,972	205,812	0	0	0	0	199	0	1,972	205,812	17,152	19,323
CANADA	3.09	0	0	304,657	31,797,897	0	0	304,657	31,797,897	0	0	0	0	0	0
CAPE VERDE	0.01	26,084	0	1,972	205,812	17,342	0	0	0	8,742	0	1,972	205,812	17,152	27,866
CENTRAL AFRICAN REPUBLIC	0.01	24,704	0	1,972	205,812	0	0	0	0	24,704	0	1,972	205,812	17,152	43,828
CHAD	0.01	0	0	1,972	205,812	0	0	0	0	0	0	1,972	205,812	17,152	19,124
CHILE	0.08	133,642	0	15,776	1,646,494	133,642	0	813	84,895	0	0	14,963	1,561,599	130,133	145,096
CHINA	0.76	0	0	74,932	7,820,842	0	0	74,932	7,820,842	0	0	0	0	0	0
COLOMBIA	0.13	0	0	12,817	1,337,776	0	0	12,817	1,337,776	0	0	0	0	0	0
COMOROS	0.01	32,864	0	1,972	205,812	0	0	0	0	32,864	0	1,972	205,812	17,152	51,988
CONGO	0.01	19,385	0	1,972	205,812	0	0	0	0	19,385	0	1,972	205,812	17,152	38,509
COSTA RICA	0.01	35,010	0	1,972	205,812	0	0	0	0	35,010	0	1,972	205,812	17,152	54,134
COTE D'IVOIRE	0.02	20,056	0	3,944	411,624	20,056	0	3,944	411,624	0	0	0	0	0	0
CROATIA	0.13	0	0	25,634	2,675,552	0	0	0	0	0	0	25,634	2,675,552	222,962	248,596
CUBA	0.09	73,155	0	17,748	1,852,304	73,155	0	847	88,350	0	0	16,901	1,763,954	146,996	163,897
CYPRUS	0.02	0	0	1,972	205,812	0	0	1,972	205,812	0	0	0	0	0	0
CZECH REPUBLIC	0.42	0	0	41,410	4,322,044	0	0	36,480	3,807,510	0	0	4,930	514,534	42,878	47,808
CZECHOSLOVAKIA	0.55	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	0.05	70,344	0	9,860	1,029,058	48,937	0	0	0	21,407	0	9,860	1,029,058	85,754	117,021
DENMARK	0.64	0	0	63,100	6,585,972	0	0	63,100	6,585,972	0	0	0	0	0	0
DJIBOUTI	0.01	0	0	1,972	205,812	0	0	0	0	0	0	1,972	205,812	17,152	19,124

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1993				Credits and Collections in 1993				Contributions Outstanding as of 31 December 1993					TOTAL
		Prior Bienniums		Current Biennium		Prior Bienniums		Current Biennium		Prior Bienniums		Current Biennium (RoE: 12.00)			
		Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	$ Equiv.	$ Equiv.
DOMINICA	0.01	8,505	0	1,972	205,812	8,505	0	195	20,422	0	0	1,777	185,390	15,450	17,227
DOMINICAN REPUBLIC	0.02	133,332	0	3,944	411,624	0	0	0	0	133,332	0	3,944	411,624	34,302	171,578
ECUADOR	0.03	37,420	0	5,916	617,434	0	0	0	0	37,420	0	5,916	617,434	51,452	94,788
EGYPT	0.07	0	0	6,902	720,341	0	0	6,902	720,341	0	0	0	0	0	0
EL SALVADOR	0.01	17,504	0	1,972	205,812	0	0	0	0	17,504	0	1,972	205,812	17,152	36,828
EQUATORIAL GUINEA	0.01	32,864	0	1,972	205,812	0	0	0	0	32,864	0	1,972	205,812	17,152	51,988
ETHIOPIA	0.01	7,427	0	1,972	205,812	7,427	0	1,972	205,812	0	0	0	0	0	0
FIJI	0.01	14,102	0	1,972	205,812	0	0	0	0	14,102	0	1,972	205,812	17,152	33,226
FINLAND	0.56	0	0	55,213	5,762,726	0	0	55,213	5,762,726	0	0	0	0	0	0
FRANCE	5.96	0	0	587,623	61,331,866	0	0	587,623	61,331,866	0	0	0	0	0	0
GABON	0.02	48,441	0	3,944	411,624	0	0	0	0	48,441	0	3,944	411,624	34,302	86,687
GAMBIA	0.01	32,864	0	1,972	205,812	0	0	0	0	32,864	0	1,972	205,812	17,152	51,988
GEORGIA	0.21	0	0	41,410	4,322,044	0	0	0	0	0	0	41,410	4,322,044	360,170	401,580
GERMANY	8.87	0	0	874,533	91,277,458	0	0	874,533	91,277,458	0	0	0	0	0	0
GHANA	0.01	8,752	0	1,972	205,812	8,752	0	1,972	205,812	0	0	0	0	0	0
GREECE	0.35	0	0	41,823	4,365,170	0	0	41,823	4,365,170	0	0	0	0	0	0
GRENADA	0.01	32,864	0	1,972	205,812	4,898	0	0	0	27,966	0	1,972	205,812	17,152	47,090
GUATEMALA	0.02	43,798	0	3,944	411,624	2,062	0	0	0	41,736	0	3,944	411,624	34,302	79,982
GUINEA	0.01	0	0	1,875	195,672	0	0	0	0	0	0	1,875	195,672	16,307	18,182
GUINEA-BISSAU	0.01	29,442	0	1,972	205,812	0	0	0	0	29,442	0	1,972	205,812	17,152	48,566
GUYANA	0.01	0	0	986	102,906	0	0	986	102,906	0	0	0	0	0	0
HAITI	0.01	39,709	0	1,972	205,812	0	0	0	0	39,709	0	1,972	205,812	17,152	58,833
HONDURAS	0.01	33,344	0	1,972	205,812	15,204	0	0	0	18,140	0	1,972	205,812	17,152	37,264

Schedule 3.1

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1993				Credits and Collections in 1993				Contributions Outstanding as of 31 December 1993					
		Prior Biennium		Current Biennium		Prior Biennium		Current Biennium		Prior Biennium		Current Biennium (RoE: 12.00)			TOTAL
		Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	$ Equiv.	$ Equiv.
HUNGARY	0.18	0	0	17,747	1,852,305	0	0	17,747	1,852,305	0	0	0	0	0	0
INDIA	0.36	0	0	35,494	3,704,609	0	0	35,494	3,704,609	0	0	0	0	0	0
INDONESIA	0.16	0	0	15,775	1,646,493	0	0	15,775	1,646,493	0	0	0	0	0	0
IRAN (ISLAMIC REPUBLIC OF)	0.76	0	0	105,934	11,056,627	0	0	8,498	886,968	0	0	97,436	10,169,659	847,472	944,908
IRAQ	0.13	105,154	0	25,634	2,675,552	0	0	0	0	105,154	0	25,634	2,675,552	222,962	353,750
IRELAND	0.18	0	0	17,747	1,852,305	0	0	17,747	1,852,305	0	0	0	0	0	0
ISRAEL	0.23	0	0	22,930	2,393,200	0	0	20,275	2,116,127	0	0	2,655	277,073	23,089	25,744
ITALY	4.26	0	0	420,013	43,837,877	0	0	420,013	43,837,877	0	0	0	0	0	0
JAMAICA	0.01	15,071	0	1,972	205,812	0	0	0	0	15,071	0	1,972	205,812	17,152	34,195
JAPAN	12.36	0	0	1,218,628	127,191,588	0	0	1,218,628	127,191,588	0	0	0	0	0	0
JORDAN	0.01	23,761	0	1,972	205,812	0	0	0	0	23,761	0	1,972	205,812	17,152	42,885
KENYA	0.01	11,996	0	1,972	205,812	3,254	0	0	0	8,742	0	1,972	205,812	17,152	27,866
KUWAIT	0.25	0	0	24,649	2,572,645	0	0	24,592	2,566,685	0	0	57	5,960	497	554
KYRGYZSTAN	0.06	0	0	5,916	617,435	0	0	0	0	0	0	5,916	617,435	51,453	57,369
LAO PEOPLE'S DEMOCRATIC REPUBLIC	0.01	0	0	986	102,906	0	0	11	1,122	0	0	975	101,784	8,482	9,457
LEBANON	0.01	25,183	0	1,972	205,812	16,441	0	0	0	8,742	0	1,972	205,812	17,152	27,866
LESOTHO	0.01	0	0	986	102,906	0	0	986	102,906	0	0	0	0	0	0
LIBERIA	0.01	0	0	1,972	205,812	0	0	0	0	0	0	1,972	205,812	17,152	19,124
LIBYAN ARAB JAMAHIRIYA	0.24	418,442	0	47,326	4,939,480	220,594	0	0	0	197,848	0	47,326	4,939,480	411,624	656,798
LITHUANIA	0.15	0	0	29,578	3,087,174	0	0	0	0	0	0	29,578	3,087,174	257,264	286,842
LUXEMBOURG	0.06	0	0	5,916	617,435	0	0	5,916	617,435	0	0	0	0	0	0

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1993 — Prior Biennium Dollar	Prior Biennium Schilling	Current Biennium Dollar	Current Biennium Schilling	Credits and Collections in 1993 — Prior Biennium Dollar	Prior Biennium Schilling	Current Biennium Dollar	Current Biennium Schilling	Contributions Outstanding as of 31 December 1993 — Prior Biennium Dollar	Prior Biennium Schilling	Current Biennium Dollar	Current Biennium Schilling	(RoE: 12.00) $ Equiv.	TOTAL $ Equiv.
MADAGASCAR	0.01	10,914	0	1,972	205,812	10,914	0	244	25,505	0	0	1,728	180,307	15,026	16,754
MALAWI	0.01	0	0	1,075	112,197	0	0	1,017	106,111	0	0	58	6,086	507	565
MALAYSIA	0.12	0	0	11,831	1,234,870	0	0	0	0	0	0	11,831	1,234,870	102,906	114,737
MALDIVES	0.01	0	0	1,972	205,812	0	0	0	0	0	0	1,972	205,812	17,152	19,124
MALI	0.01	44,444	0	1,972	205,812	0	0	0	0	44,444	0	1,972	205,812	17,152	63,568
MALTA	0.01	0	0	986	102,906	0	0	986	102,906	0	0	0	0	0	0
MAURITANIA	0.01	26,946	0	1,972	205,812	0	0	0	0	26,946	0	1,972	205,812	17,152	46,070
MAURITIUS	0.01	0	0	986	102,906	0	0	986	102,906	0	0	0	0	0	0
MEXICO	0.87	0	0	88,089	9,194,136	0	0	88,089	9,194,136	0	0	0	0	0	0
MONGOLIA	0.01	8,752	0	1,972	205,812	8,752	0	1,972	205,812	0	0	0	0	0	0
MOROCCO	0.03	0	0	2,958	308,717	0	0	0	0	0	0	2,958	308,717	25,726	28,684
MOZAMBIQUE	0.01	0	0	1,972	205,812	0	0	98	10,227	0	0	1,874	195,585	16,299	18,173
MYANMAR	0.01	0	0	986	102,906	0	0	986	102,906	0	0	0	0	0	0
NAMIBIA	0.01	0	0	986	102,906	0	0	986	102,906	0	0	0	0	0	0
NEPAL	0.01	24,694	0	1,972	205,812	24,694	0	203	21,224	0	0	1,769	184,588	15,383	17,152
NETHERLANDS	1.49	0	0	146,906	15,332,967	0	0	146,906	15,332,967	0	0	0	0	0	0
NEW ZEALAND	0.24	0	0	23,663	2,469,740	0	0	23,663	2,469,740	0	0	0	0	0	0
NICARAGUA	0.01	44,444	0	1,972	205,812	0	0	0	0	44,444	0	1,972	205,812	17,152	63,568
NIGER	0.01	32,864	0	1,972	205,812	24,091	0	0	0	8,773	0	1,972	205,812	17,152	27,897
NIGERIA	0.20	0	0	34,632	3,614,582	0	0	9,283	968,853	0	0	25,349	2,645,729	220,478	245,827
NORWAY	0.55	0	0	54,227	5,659,820	0	0	54,227	5,659,820	0	0	0	0	0	0
OMAN	0.03	0	0	2,958	308,717	0	0	2,958	308,717	0	0	0	0	0	0
PAKISTAN	0.06	0	0	6,027	629,049	0	0	0	0	0	0	6,027	629,049	52,421	58,448

Schedule 3.1

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1992 — Prior Bienniums Dollar	Prior Bienniums Schilling	Current Biennium Dollar	Current Biennium Schilling	Credits and Collections in 1991 — Prior Bienniums Dollar	Prior Bienniums Schilling	Current Biennium Dollar	Current Biennium Schilling	Contributions Outstanding as of 31 December 1991 — Prior Bienniums Dollar	Prior Bienniums Schilling	Current Biennium Dollar	Current Biennium Schilling	Current Biennium (Rpt. 12.00) $ Equiv.	TOTAL $ Equiv.
PANAMA	0.02	57,093	0	3,944	411,624	31,487	0	0	0	25,606	0	3,944	411,624	34,302	63,852
PAPUA NEW GUINEA	0.01	1,377	0	1,972	205,812	1,377	0	77	8,078	0	0	1,895	197,734	16,478	18,373
PARAGUAY	0.02	80,001	0	3,944	411,624	19,563	0	0	0	60,438	0	3,944	411,624	34,302	98,684
PERU	0.06	104,015	0	11,832	1,234,870	104,015	0	181	18,902	0	0	11,651	1,215,968	101,331	112,982
PHILIPPINES	0.07	36	0	13,804	1,440,682	36	0	8,582	895,698	0	0	5,222	544,984	45,415	90,637
POLAND	0.47	0	0	46,428	4,845,811	0	0	46,428	4,845,811	0	0	0	0	0	0
PORTUGAL	0.20	0	0	37,466	3,910,371	0	0	37,466	3,910,371	0	0	0	0	0	0
QATAR	0.05	43,781	0	9,860	1,029,068	43,781	0	5,012	523,042	0	0	4,848	506,026	42,168	47,016
REPUBLIC OF KOREA	0.68	0	0	134,088	13,995,190	0	0	66,790	6,971,088	0	0	67,298	7,024,102	585,342	652,540
REPUBLIC OF MOLDOVA	0.15	0	0	14,789	1,543,587	0	0	0	0	0	0	14,789	1,543,587	128,632	143,421
ROMANIA	0.17	0	0	33,522	3,498,779	0	0	0	0	0	0	33,522	3,498,779	291,565	325,087
RUSSIAN FEDERATION	8.37	4,310,121	0	1,697,797	177,203,815	4,310,121	0	334,678	34,931,258	0	0	1,363,119	142,272,559	11,856,047	13,219,196
RWANDA	0.01	8,485	0	1,972	205,812	8,485	0	1,111	115,938	0	0	861	89,874	7,490	8,351
SAINT KITTS AND NEVIS	0.01	35,344	0	1,972	205,812	10,000	0	0	0	25,344	0	1,972	205,812	17,151	42,495
SAINT LUCIA	0.01	0	0	986	102,906	0	0	986	102,906	0	0	0	0	0	0
SAINT VINCENT AND THE GRENADINES	0.01	24,232	0	1,972	205,812	0	0	0	0	24,232	0	1,972	205,812	17,151	41,383
SAO TOME AND PRINCIPE	0.01	32,864	0	1,972	205,812	0	0	0	0	32,864	0	1,972	205,812	17,151	50,015
SAUDI ARABIA	0.95	0	0	93,665	9,776,052	0	0	93,665	9,776,052	0	0	0	0	0	0
SENEGAL	0.01	10,978	0	1,972	205,812	10,978	0	1,972	205,812	0	0	0	0	0	0
SEYCHELLES	0.01	19,165	0	1,972	205,812	1	0	0	0	19,165	0	1,972	205,812	17,151	36,316
SIERRA LEONE	0.01	35,140	0	1,972	205,812	0	0	0	0	35,140	0	1,972	205,812	17,151	54,264

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1994				Credits and Collections in 1994				Contributions Outstanding as at 31 December 1993					
		Prior Biennium		Current Biennium		Prior Biennium		Current Biennium		Prior Biennium		Current Biennium		Rec. to Oct.	TOTAL
		Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	$ Equiv.	$ Equiv.
SLOVAKIA	0.13	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SLOVENIA	0.26	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOMALIA	0.01	44 444	0	0	0	0	0	0	0	44 444	0	1 972	226 312	11 152	43 548
SPAIN	1.96	0	0	53 245	6 491 540	0	0	0	0	0	0	193 245	23 189 540	680 736	1 874 040
SRI LANKA	0.01	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUDAN	0.01	0	0	0	0	0	0	0	0	0	0	1 914	168 715	6 643	8 557
SURINAME	0.01	32 864	0	0	0	0	0	0	0	32 864	0	1 972	226 312	11 152	43 988
SWAZILAND	0.01	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SWEDEN	1.42	0	0	19 454	2 379 840	0	0	19 454	2 379 840	0	0	0	0	0	0
SWITZERLAND	1.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SYRIAN ARAB REPUBLIC	0.04	0	0	0	0	0	0	0	0	0	0	1 888	823 240	64 924	79 452
TAJIKISTAN	0.06	0	0	4 930	514 525	0	0	0	0	0	0	4 930	514 525	41 877	41 877
THAILAND	0.71	0	0	0	0	0	0	0	0	0	0	0	0	0	0
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	0.02	0	0	1 972	226 312	0	0	0	0	0	0	1 972	226 312	15 191	18 123
TOGO	0.01	277	0	0	0	277	0	976	102 190	0	0	703	123 622	8 838	9 829
TONGA	0.01	11 972	0	0	0	11 972	0	589	71 952	0	0	1 283	153 860	11 156	12 439
TRINIDAD AND TOBAGO	0.06	22 963	0	4 942	515 154	22 963	0	942	90 338	0	0	4 924	438 123	29 229	81 102
TUNISIA	0.03	0	0	2 958	308 717	0	0	2 958	308 717	0	0	0	0	0	0
TURKEY	0.27	0	0	27 780	2 899 857	0	0	27 780	2 899 857	0	0	0	0	0	0
UGANDA	0.01	0	0	1 957	133 838	0	0	0	0	0	0	1 957	133 838	8 751	8 124
UKRAINE	1.11	548 128	0	232 712	24 279 960	547 752	0	0	0	48 336	0	232 712	24 279 960	2 038 984	2 435 712

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1991 Prior Biennium Dollar	Prior Biennium Schilling	Current Biennium Dollar	Current Biennium Schilling	Credits and Collections in 1991 Prior Biennium Dollar	Prior Biennium Schilling	Current Biennium Dollar	Current Biennium Schilling	Contributions Outstanding as at 31 December 1991 Prior Biennium Dollar	Prior Biennium Schilling	Current Biennium Dollar	Current Biennium Schilling	Rate 12.00% $ Equiv.	T O T A L $ Equiv.
UNITED ARAB EMIRATES	0.31	466,267	0	41,410	4,322,044	22,084	0	0	0	466,583	0	41,410	4,322,044	665,170	661,453
UNITED KINGDOM	4.98	0	0	491,001	51,247,096	0	0	491,001	51,247,096	0	0	0	0	0	0
UNITED REPUBLIC OF TANZANIA	0.01	1,928	0	1,972	205,812	3,534	0	0	0	4,354	0	1,972	205,812	17,152	23,506
UNITED STATES OF AMERICA	25.10	0	0	3,567,104	371,270,654	0	0	2,730,433	285,022,274	0	0	817,726	85,348,380	1,112,365	1,681,191
URUGUAY	0.04	35,008	0	7,899	823,246	15,308	0	576	60,390	0	0	7,323	762,856	63,571	72,440
VANUATU	0.01	14,931	0	1,972	205,812	14,931	0	190	19,785	0	0	1,782	186,027	15,502	1,287
VENEZUELA	0.45	0	0	95,724	9,990,998	0	0	0	0	0	0	95,724	9,990,998	832,583	928,307
VIET NAM	0.01	0	0	1,022	106,708	0	0	1,022	106,708	0	0	0	0	0	0
YEMEN	0.01	61,696	0	1,972	205,812	0	0	0	0	61,696	0	1,972	205,812	17,152	85,831
YUGOSLAVIA	0.14	757,735	0	25,978	2,287,174	1,300	0	0	0	755,435	0	25,978	2,287,174	251,266	1,142,274
ZAIRE	0.01	18,549	0	1,972	205,812	0	0	0	0	18,549	0	1,972	205,812	17,152	37,813
ZAMBIA	0.01	11,607	0	1,972	205,812	3,200	0	0	0	8,607	0	1,972	205,812	17,152	31,731
ZIMBABWE	0.01	0	0	1,895	197,759	0	0	918	84,273	0	0	977	113,486	9,373	12,147
Sub-total: 1 Member States		86,334	0	0	0	2,994	0	0	0	83,340	0	0	0	0	83,340
		597,143	0	0	0	142,699	0	0	0	454,443	0	0	0	0	454,443
		10,405,312	0	0	0	8,790,974	0	0	0	1,614,338	0	0	0	0	1,614,338
		0	0	12,817,951	1,334,968,712	0	0	9,811,713	920,746,884	0	0	1,794,238	196,222,828	31,218,691	34,814,459
		11,289,459	0	12,817,951	1,334,968,712	8,936,673	0	9,811,713	920,746,884	2,954,337	0	1,794,238	196,222,828	31,218,691	35,768,994

Member State	Scale of assessments (percentage)	Capital balances funds 1 January 1992				Gross income estimates in 1992				Capital balances available as at 31 December 1992					
		Prior to 1990 arrears		1990 arrears		Prior to 1990 arrears		1990 arrears		Prior to 1990 arrears		1990 arrears		Fees, income	Total
		US$	Guilders	US$	Guilders	US$	Guilders	US$	Guilders	US$	Guilders	US$	Guilders	US$	US$
CHAD	0.01	8,752	0	0	0	0	0	0	0	8,752	0	0	0	0	8,752
COMOROS	0.01	11,580	0	0	0	0	0	0	0	11,580	0	0	0	0	11,580
COSTA RICA	0.01	11,580	0	0	0	11,743	0	0	0	5,469	0	0	0	0	5,469
DJIBOUTI	0.01	8,752	0	0	0	0	0	0	0	8,752	0	0	0	0	8,752
EL SALVADOR	0.01	15,360	0	0	0	0	0	0	0	15,360	0	0	0	0	15,360
EQUATORIAL GUINEA	0.01	11,580	0	0	0	0	0	0	0	11,580	0	0	0	0	11,580
GAMBIA	0.01	11,580	0	0	0	0	0	0	0	11,580	0	0	0	0	11,580
GRENADA	0.01	2,978	0	0	0	2,978	0	0	0	0	0	0	0	0	0
LIBERIA	0.01	17,504	0	0	0	0	0	0	0	17,504	0	0	0	0	17,504
LITHUANIA	0.15	0	0	131,282	0	0	0	89,919	0	0	0	41,363	0	0	41,363
SAO TOME AND PRINCIPE	0.01	11,580	0	0	0	0	0	0	0	11,580	0	0	0	0	11,580
SURINAME	0.01	11,580	0	0	0	0	0	0	0	11,580	0	0	0	0	11,580
Sub-total 2 New Member States	86-87	56,678	0	0	0	2,978	0	0	0	57,933	0	0	0	0	57,933
	88-89	12,992	0	0	0	11,743	0	0	0	21,249	0	0	0	0	21,249
	90-91	35,008	0	131,282	0	0	0	89,919	0	35,008	0	41,363	0	0	76,371
	T-	126,678	0	131,282	0	14,721	0	89,919	0	114,157	0	41,363	0	0	155,520
TOTAL	86-87	148,882	0	0	0	5,938	0	0	0	142,944	0	0	0	0	142,944
	88-89	630,135	0	0	0	154,641	0	0	0	475,494	0	0	0	0	475,494
	90-91	10,640,320	0	131,282	0	8,190,974	0	89,919	0	2,449,346	0	41,363	0	0	2,490,709
	92-93	0		12,617,951	1,316,968,712			8,821,713	920,746,089	0	0	3,796,238	396,222,643	33,018,601	16,814,839
	T-	11,419,337	0	12,749,233	1,316,968,712	8,351,353	0	8,911,632	920,746,089	3,068,184	0	3,837,601	396,222,643	33,018,601	39,924,386

Note: In its decision GC.5/Dec.14, paragraph (d), the General Conference decided to approve adjustments to the 1992-1993 scale of assessments related to the membership of, inter alia, Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Kyrgyzstan, the Republic of Moldova, Slovenia, Tajikistan and The former Yugoslav Republic of Macedonia as described in paragraphs 9 to 13 of document IDB.11/6.

Schedule 3.2

GENERAL FUND

Cash balances as at 31 December 1993

	Currency	Amount	Type of account	US$ equiv.	Maturity periods	Annual interest rate (%)
Current/call accounts						
CABV, Vienna	US$	3,184,707	Current	3,184,707	N/A	2.25
Crédit Lyonnais, Vienna	US$	39,589	Current	39,589	N/A	2.75
Chase Manhattan, New York	US$	790,382	Current	790,382	N/A	2.20
Bankers Trust, New York	US$	3,636	Current	3,636	N/A	1.78
The Fuji Bank, Tokyo	US$	238	Current	238	N/A	N/A
Bank for Foreign Economic Affairs, Moscow	US$	1,345	Current	1,345	N/A	N/A
CABV, Vienna	AS	30,000,000	Call	2,500,000	N/A	5.000
CABV, Vienna	AS	2,398,339	Current	199,862	N/A	2.375
Bank Austria AG, Vienna	AS	654,546	Current	54,545	N/A	2.500
Total				6,774,304		
Deposit accounts						
CABV, Vienna	AS	600,000	Time deposit	50,000	29.12.93-28.01.94	5.40
Raiffeisen Zentralbank, Vienna	AS	10,000,000	Time deposit	833,333	29.12.93-28.01.94	5.20
Total				883,333		

Summary of cash resources as at 31 December 1993

	(US$)
Current accounts	6,774,304
Time deposits	883,333
Imprest accounts	345,241
Letters of credit	117,611
Total cash resources (Statement III)	8,120,489

Schedule 3.3

GENERAL FUND

Statement of source and application of funds
for the biennium 1992-1993 as at 31 December 1993

(In United States dollars)

		1992-1993	1990-1991
Funds provided by			
Member States			
Adjusted assessment, 1992-1993 (Statement II A)		200,091,271	
Add: Increase in value of 1990-1991 contributions (Statement II B)	1,164,468		
Increase in contributions from new Member States	130,902		
Deduct: Increase in unpaid contributions	9,340,668	192,045,973	176,816,928
Other income (Statement I)		30,943,140	22,682,485
Increase in advances from Working Capital Fund			4,690,000
Net decrease in accounts receivable		1,948,750	2,680,199
Total funds received		224,937,863	206,869,612
Decrease in cash balance during biennium		803,349	
Total funds provided		225,741,212	206,869,612
Funds utilized for			
Disbursements, 1992-1993 (Statement I)		207,950,315	184,000,801
Disbursements against unliquidated obligations, 1990-1991			
Unliquidated obligations, 1990-1991	9,843,155		
Deduct: Savings on liquidation (Statement II B)	(2,242,258)	7,600,897	15,120,140
Decrease in advance from Working Capital Fund		8,190,000	
Reduction of loan from United Nations		2,000,000	2,000,000
Total funds disbursed		225,741,212	201,120,941
Increase in cash balance during biennium			5,748,671
Total funds utilized		225,741,212	206,689,612
Cash balance, 1 January 1992		8,923,838	3,175,167
Decrease in cash balance during 1992-1993		803,349	5,748,671
Cash balance, 31 December 1993 (Statement III)		8,120,489	8,923,838

Statement IV

WORKING CAPITAL FUND

Statement of assets and principal of Fund
as at 31 December 1993

(In United States dollars)

Assets		
Current assets:		
Cash (Schedule 4.2)		8,896,200
Assessed contributions unpaid (Schedule 4.1)		103,800
Advance to General Fund		
Balance as at 1 January 1992	8,190,000	
Net receipt from General Fund during 1992-1993	8,190,000	
Total assets		9,000,000
Principal of Fund		9,000,000
Total of Fund		9,000,000

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND AS OF 31 DECEMBER 1993

(In US dollars)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1992	Collections in 1993	Amount outstanding to date
AFGHANISTAN	0.01	900	900	0	0
ALBANIA	0.01	900	900	0	0
ALGERIA	0.16	14,400	14,400	0	0
ANGOLA	0.01	900	900	0	0
ARGENTINA	0.56	50,400	50,400	0	0
ARMENIA	0.13	11,700	0	0	11,700
AUSTRALIA	1.50	135,000	135,000	0	0
AUSTRIA	0.74	66,600	66,600	0	0
AZERBAIJAN	0.22	19,800	0	0	19,800
BAHAMAS	0.02	1,800	1,800	0	0
BAHRAIN	0.03	2,700	2,700	0	0
BANGLADESH	0.01	900	900	0	0
BARBADOS	0.01	900	900	0	0
BELARUS	0.31	27,900	27,900	0	0
BELGIUM	1.05	94,500	94,500	0	0
BELIZE	0.01	900	900	0	0
BENIN	0.01	900	900	0	0
BHUTAN	0.01	900	900	0	0
BOLIVIA	0.01	900	900	0	0
BOSNIA AND HERZEGOVINA	0.04	3,600	0	0	3,600
BOTSWANA	0.01	900	900	0	0
BRAZIL	1.58	142,200	134,300	7,900	0
BULGARIA	0.13	11,700	11,700	0	0
BURKINA FASO	0.01	900	600	0	300
BURUNDI	0.01	900	900	0	0

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1992	Collections in 1993	Amount outstanding to date
CAMEROON	0.01	900	900	0	0
CANADA	3.09	278,100	278,100	0	0
CAPE VERDE	0.01	900	900	0	0
CENTRAL AFRICAN REPUBLIC	0.01	900	900	0	0
CHAD	0.01	900	0	0	900
CHILE	0.08	7,200	7,200	0	0
CHINA	0.76	68,400	68,400	0	0
COLOMBIA	0.13	11,700	11,700	0	0
COMOROS	0.01	900	0	0	900
CONGO	0.01	900	900	0	0
COSTA RICA	0.01	900	900	0	0
COTE D'IVOIRE	0.02	1,800	1,800	0	0
CROATIA	0.13	11,700	0	0	11,700
CUBA	0.09	8,100	8,100	0	0
CYPRUS	0.02	1,800	1,800	0	0
CZECH REPUBLIC	0.42	37,800	0	37,800	0
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	0.05	4,500	4,500	0	0
DENMARK	0.64	57,600	57,600	0	0
DJIBOUTI	0.01	900	0	0	900
DOMINICA	0.01	900	900	0	0
DOMINICAN REPUBLIC	0.02	1,800	0	0	1,800
ECUADOR	0.03	2,700	2,700	0	0
EGYPT	0.07	6,300	6,300	0	0
EL SALVADOR	0.01	900	0	0	900
EQUATORIAL GUINEA	0.01	900	0	0	900
ETHIOPIA	0.01	900	900	0	0
FIJI	0.01	900	900	0	0

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1992	Collections in 1993	Amount outstanding to date
FINLAND	0.56	50,400	50,400	0	0
FRANCE	5.96	536,400	536,400	0	0
GABON	0.02	1,800	1,800	0	0
GAMBIA	0.01	900	0	0	900
GEORGIA	0.21	18,900	0	0	18,900
GERMANY	8.87	798,300	798,300	0	0
GHANA	0.01	900	900	0	0
GREECE	0.35	31,500	31,500	0	0
GRENADA	0.01	900	900	0	0
GUATEMALA	0.02	1,800	1,800	0	0
GUINEA	0.01	900	900	0	0
GUINEA-BISSAU	0.01	900	900	0	0
GUYANA	0.01	900	900	0	0
HAITI	0.01	900	900	0	0
HONDURAS	0.01	900	900	0	0
HUNGARY	0.18	16,200	16,200	0	0
INDIA	0.36	32,400	32,400	0	0
INDONESIA	0.16	14,400	14,400	0	0
IRAN (ISLAMIC REPUBLIC OF)	0.76	68,400	68,400	0	0
IRAQ	0.13	11,700	10,800	0	900
IRELAND	0.18	16,200	16,200	0	0
ISRAEL	0.23	20,700	20,700	0	0
ITALY	4.26	383,400	383,400	0	0
JAMAICA	0.01	900	900	0	0
JAPAN	12.36	1,112,400	1,112,400	0	0
JORDAN	0.01	900	900	0	0
KENYA	0.01	900	900	0	0
KUWAIT	0.25	22,500	22,500	0	0

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1992	Collections in 1993	Amount outstanding to date
KYRGYZSTAN	0.06	5,400	0	0	5,400
LAO PEOPLE'S DEMOCRATIC REPUBLIC	0.01	900	900	0	0
LEBANON	0.01	900	900	0	0
LESOTHO	0.01	900	900	0	0
LIBERIA	0.01	900	900	0	0
LIBYAN ARAB JAMAHIRIYA	0.24	21,600	21,600	0	0
LITHUANIA	0.15	13,500	0	13,500	0
LUXEMBOURG	0.06	5,400	5,400	0	0
MADAGASCAR	0.01	900	900	0	0
MALAWI	0.01	900	900	0	0
MALAYSIA	0.12	10,800	10,800	0	0
MALDIVES	0.01	900	900	0	0
MALI	0.01	900	0	0	900
MALTA	0.01	900	900	0	0
MAURITANIA	0.01	900	900	0	0
MAURITIUS	0.01	900	900	0	0
MEXICO	0.87	78,300	78,300	0	0
MONGOLIA	0.01	900	900	0	0
MOROCCO	0.03	2,700	2,700	0	0
MOZAMBIQUE	0.01	900	900	0	0
MYANMAR	0.01	900	900	0	0
NAMIBIA	0.01	900	900	0	0
NEPAL	0.01	900	900	0	0
NETHERLANDS	1.49	134,100	134,100	0	0
NEW ZEALAND	0.24	21,600	21,600	0	0
NICARAGUA	0.01	900	0	0	900
NIGER	0.01	900	900	0	0

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1992	Collections in 1993	Amount outstanding to date
NIGERIA	0.20	18,000	18,000	0	0
NORWAY	0.55	49,500	49,500	0	0
OMAN	0.03	2,700	2,700	0	0
PAKISTAN	0.06	5,400	5,400	0	0
PANAMA	0.02	1,800	1,800	0	0
PAPUA NEW GUINEA	0.01	900	900	0	0
PARAGUAY	0.02	1,800	1,800	0	0
PERU	0.06	5,400	5,400	0	0
PHILIPPINES	0.07	6,300	6,300	0	0
POLAND	0.47	42,300	42,300	0	0
PORTUGAL	0.20	18,000	18,000	0	0
QATAR	0.05	4,500	4,500	0	0
REPUBLIC OF KOREA	0.68	61,200	19,800	41,400	0
REPUBLIC OF MOLDOVA	0.15	13,500	0	0	13,500
ROMANIA	0.17	15,300	15,300	0	0
RUSSIAN FEDERATION	8.37	753,300	796,500	-43,200	0
RWANDA	0.01	900	900	0	0
SAINT KITTS AND NEVIS	0.01	900	900	0	0
SAINT LUCIA	0.01	900	900	0	0
SAINT VINCENT AND THE GRENADINES	0.01	900	900	0	0
SAO TOME AND PRINCIPE	0.01	900	0	0	900
SAUDI ARABIA	0.95	85,500	85,500	0	0
SENEGAL	0.01	900	900	0	0
SEYCHELLES	0.01	900	900	0	0
SIERRA LEONE	0.01	900	900	0	0
SLOVAKIA	0.13	11,700	0	11,700	0
SLOVENIA	0.09	8,100	0	8,100	0
SOMALIA	0.01	900	0	0	900

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1992	Collections in 1993	Amount outstanding to date
SPAIN	1.96	176,400	176,400	0	0
SRI LANKA	0.01	900	900	0	0
SUDAN	0.01	900	900	0	0
SURINAME	0.01	900	0	0	900
SWAZILAND	0.01	900	900	0	0
SWEDEN	1.10	99,000	99,000	0	0
SWITZERLAND	1.15	103,500	103,500	0	0
SYRIAN ARAB REPUBLIC	0.04	3,600	3,600	0	0
TAJIKISTAN	0.05	4,500	0	0	4,500
THAILAND	0.11	9,900	9,900	0	0
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	0.02	1,800	0	0	1,800
TOGO	0.01	900	900	0	0
TONGA	0.01	900	900	0	0
TRINIDAD AND TOBAGO	0.05	4,500	4,500	0	0
TUNISIA	0.03	2,700	2,700	0	0
TURKEY	0.27	24,300	24,300	0	0
UGANDA	0.01	900	900	0	0
UKRAINE	1.17	105,300	105,300	0	0
UNITED ARAB EMIRATES	0.21	18,900	18,900	0	0
UNITED KINGDOM	4.98	448,200	448,200	0	0
UNITED REPUBLIC OF TANZANIA	0.01	900	900	0	0
UNITED STATES OF AMERICA	25.00	2,250,000	2,250,000	0	0
URUGUAY	0.04	3,600	3,600	0	0
VANUATU	0.01	900	900	0	0
VENEZUELA	0.49	44,100	44,100	0	0
VIET NAM	0.01	900	900	0	0
YEMEN	0.01	900	900	0	0

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1992	Collections in 1993	Amount outstanding to date
YUGOSLAVIA	0.14	12,600	14,400	-1,800	0
ZAIRE	0.01	900	900	0	0
ZAMBIA	0.01	900	900	0	0
ZIMBABWE	0.01	900	900	0	0
Sub-total (166 States)	**100.00**	**9,000,000**	**8,820,800**	**75,400**	**103,800**
T O T A L (166 States)	**100.00**	**9,000,000**	**8,820,800**	**75,400**	**103,800**

Note: In its decision GC.5/Dec.14, paragraph (d), the General Conference decided to approve adjustments to the 1992-1993 scale of assessments related to the membership of, inter alia, Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Kyrgyzstan, the Republic of Moldova, Slovenia, Tajikistan and The former Yugoslav Republic of Macedonia as described in paragraphs 9 to 13 of document IDB.11/6.

Statement V

GENERAL FUND

Tax Equalization Fund

(In United States dollars)

		United States of America	Other Member States	Total
Fund balance				
Balance available as at 1 January 1992		(977,262)		(977,262)
Add:	Savings on liquidation of obligations	186,484		186,484
Deduct:	Transfer to General Fund (note 3)*	790,778		790,778
		-	-	-
Balance available as at 31 December 1993				
		-	-	-
Total Fund balance				

* Refers to notes contained in annex I to the present document.

Statement VI

SPECIAL ACCOUNT FOR PROGRAMME SUPPORT COSTS
(In United States dollars)

I. Statement of income and expenditure for the biennium 1992-1993

	1992-1993	1990-1991
Income		
UNDP	16,267,416	23,225,523
Trust funds	6,925,298	6,195,590
IDF	6,256,598	6,953,978
Other	1,484,087	1,477,830
Interest income	1,105,607	2,219,054
Miscellaneous	381,864	211,725
Total income	32,420,870	40,283,700
Expenditure		
Salaries and common staff costs	36,227,971	39,603,792
Travel on official business	765,190	1,372,485
Contractual services	10,947	17,122
General operating expenses	355,553	402,150
Supplies and materials	47,703	52,530
Acquisition of furniture and equipment	107,925	--
EDP non-staff costs	2,765,290	--
Fellowships, grants, other expenditures	12,578	279,006
Total expenditure	40,293,157	41,727,085
Excess (shortfall) of income over expenditure for the above period	(7,872,287)	(1,443,385)

II. Statement of assets and liabilities as at 31 December 1993

Assets		
Cash (Schedule 6.1)	2,321,510	11,211,702
Accounts receivable	175,680	36,559
Deferred charges and other assets	4,308	5,305,153
Due from UNIDO General Fund	--	129,876
Total assets	2,501,498	16,683,290
Liabilities		
Unliquidated obligations	461,419	1,648,898
Commitments	--	5,305,153
Operating reserve (note 4)*	5,504,190	5,504,190
Due to UNIDO General Fund	183,127	--
Total liabilities	6,148,736	12,458,241
Fund balance		
Balance available 1 January 1992	4,225,049	5,902,312
Net excess (shortfall) of income over expenditure	(7,872,287)	(1,443,385)
Deduct: Transfer to reserve		378,465
Add: Transfer from reserve for reporting (annex V)		144,587
Balance available 31 December 1993	(3,647,238)	4,225,049
Total liabilities and fund balance	2,501,498	16,683,290

* Refers to notes contained in annex I to the present document.

Schedule 6.1

Support cost cash balances as at 31 December 1993

	Currency	Amount	Type of account	US$ equiv.	Maturity periods	Annual interest rate (%)
US dollar accounts						
CABV, Vienna	US$	610,260	Call	610,260	N/A	2.75
Subtotal				610,260		
Schilling accounts						
Raiffeisen Zentralbank, Vienna	AS	8,560,000	Time deposit	713,333	29.12.93-28.01.94	5.10
Crédit Lyonnais, Vienna	AS	11,975,000	Time deposit	997,917	12.10.93-10.01.94	5.55
Subtotal				1,711,250		
TOTAL				2,321,510		

Statement VII

Technical cooperation activities executed by UNIDO

(In United States dollars)

I. Combined statement of income and expenditure for the biennium 1992-1993

	Regular Programme	IDF (note 4)*	Trust funds (note 5)	UNDP (note 6)	Total
Income					
Allocations	12,133,814	-	-	130,836,708	142,970,522
Contributions	-	62,585,951	74,924,790	-	137,510,741
Interest income	-	4,262,665	7,578,723	-	11,841,388
Miscellaneous income	-	32,549	(96,102)	-	(63,553)
Gain/loss on exchange	-	(3,764,421)	(7,256,264)	-	(11,020,685)
Total income	12,133,814	63,116,744	75,151,147	130,836,708	281,238,413
Expenditure					
Salaries and common staff costs	6,358,807	30,202,576	44,982,837	54,880,741	136,424,961
Contractual services	723,649	8,540,119	5,085,813	16,045,102	30,394,683
Operational expenses	652,238	2,667,349	1,023,477	4,912,186	9,255,250
Acquisitions	1,167,125	7,072,157	8,489,426	24,007,625	40,736,333
Fellowships	3,231,995	8,127,571	4,420,596	14,723,638	30,503,800
Total project costs	12,133,814	56,609,772	64,002,149	114,569,292	247,315,027
Programme support costs	-	6,256,598	6,925,298	16,267,416	29,449,312
Total expenditure	12,133,814	62,866,370	70,927,447	130,836,708	276,764,339
Excess of income over expenditure	-	250,374	4,223,700	-	4,474,074

II. Combined statement of assets and liabilities as at 31 December 1993

Assets								
Cash	-	55,609,130	a/	65,958,588	a/	722,462		122,290,180
Pledged contributions unpaid	-	30,451,199		-		-		30,451,199
Accounts receivable	-	1,534,869	b/	1,303,220	b/	1,459,749	a/	4,297,838
Due from UNDP for excess of expenditure over funds provided	-	-		-		15,796,818		15,796,818
Unspent allocations	-	-		-		46,871,435		46,871,435
Due from UNIDO General Fund	-	964,735		219,514		-		1,184,249
Deferred charges and other assets	-	2,533		228,739	c/	6,022,520	b/	6,253,792
Total assets	-	88,562,466		67,710,061		70,872,984		227,145,511
Liabilities								
Accounts payable	-	1,847,344	c/	2,250,280	d/	9,617,398	c/	13,715,022
Unliquidated obligations	-	7,719,535		5,560,731		12,884,793		26,165,059
Commitments	-	-		-		-		-
Due to UNIDO General Fund	-	-		-		1,499,358		1,499,358
Reserves	-	612,317		808,554		-		1,420,871
Operating reserve	-	550,000		-		-		550,000
Contributions paid in advance	-	11,723,498		-		-		11,723,498
Deferred income	-	35,163,448		-		46,871,435		82,034,883
Total liabilities	-	57,616,142		8,619,565		70,872,984		137,108,691
Fund balance								
Balance available 1 January 1992	-	30,695,950		54,866,796		-		85,562,746
Add net excess of income over expenditure	-	250,374		4,223,700		-		4,474,074
Balance available 31 December 1993	-	30,946,324		59,090,496		-		90,036,820
Total liabilities and fund balance	-	88,562,466		67,710,061		70,872,984		227,145,511

* References are to notes contained in annex I to the present document.

a/ Annex I, note 4 (a).
b/ Annex I, note 4 (b).
c/ Annex I, note 4 (c).

INDUSTRIAL DEVELOPMENT FUND

Schedule 7.1

UNIDF/IDF statement of pledges and receipts, as at 31 December 1993

(In US dollars)

Country/organization	Unpaid balances/ advances by donors brought forward from UNIDF 1.1.86	Adjust-ments to prior pledges	IDF firm pledges for				Collections in a		Exchange adjustments	Unpaid balance	Advances by donors
			1986-1991	1992	1993	1994 and future years	1986-1992	1993			
					General-purpose convertible						
Afghanistan	1,500	0	3,000	0	0	0	4,500	0	0	0	0
Algeria	0	0	25,000	0	0	0	25,000	0	0	0	0
Angola	10,000	0	20,000	0	0	0	30,000	0	0	0	0
Argentina	0	150,000	0	0	0	0	149,990	0	10	0	0
Austria	0	0	608,975	169,492	185,185	166,667	822,088	0	(25,102)	333,333	0
Bahrain	5,000	0	0	0	0	0	5,000	0	0	0	0
Bangladesh	0	0	15,308	2,420	2,420	2,420	15,248	2,447	33	4,840	0
Barbados	0	0	20,000	0	0	0	20,000	0	0	0	0
Bhutan	1,320	0	1,450	0	0	0	2,770	0	0	0	0
Bolivia	2,000	0	17,313	0	0	0	14,313	0	0	5,000	0
Brazil	15,000	0	15,000	0	0	0	30,000	0	0	0	0
Burkina Faso	0	0	13,594	0	0	0	13,594	0	0	0	0
Cameroon	0	0	2,985	0	0	0	0	0	(393)	3,378	0
Chile	0	0	40,000	0	0	0	30,000	0	0	10,000	0
Colombia	1,425	40	34,409	5,751	0	0	41,416	0	0	209	0
Congo	11,426	0	0	0	0	0	3,400	0	76	7,950	0
Costa Rica	8,080	0	20,000	0	0	0	27,635	0	0	445	0
Cyprus	0	0	4,187	0	0	0	4,496	0	(309)	0	0
Czechoslovakia	0	0	40,501	25,000	0	0	65,501	0	0	0	0
Czech Republic	0	0	0	0	25,000	0	0	25,000	0	0	0
Democratic People's Republic of Korea	0	0	0	32,558	33,019	0	32,558	32,408	611	0	0
Dominica	0	0	3,852	0	0	0	3,840	0	12	0	0
Ecuador	5,440	0	56,235	0	0	0	49,835	0	0	11,840	0
Egypt	0	0	2,000	0	0	0	2,000	0	0	0	0
Ethiopia	0	0	1,111	0	0	1,013	1,111	0	0	1,013	0
Fiji	0	0	1,009	0	0	0	0	0	285	724	0
Germany	0	0	18,736	0	0	0	18,736	0	0	0	0
Ghana	0	0	5,000	0	0	0	0	0	0	5,000	0
Greece	36,000	0	0	0	0	0	36,000	0	0	0	0
Grenada	0	0	2,500	2,500	0	0	0	0	0	5,000	0
Guatemala	0	0	32,422	0	0	0	5,000	0	7,092	20,330	0
Guinea	0	(108,600)	0	0	0	0	(108,600)	0	0	0	0
Guyana	723	509	3,458	3,750	0	0	4,000	0	658	3,782	0
Haiti	0	0	5,000	0	0	0	5,000	0	0	0	0
Honduras	0	0	15,000	0	0	0	14,371	0	629	0	0
Hungary	0	0	65,358	24,865	22,864	0	81,391	21,764	9,932	0	0
India	500,000	0	1,500,000	250,000	250,000	250,000	2,250,000	250,000	0	250,000	0
Indonesia	0	0	50,000	0	10,000	10,000	50,000	10,000	0	10,000	0
Iraq	161,291	0	0	0	0	0	0	0	0	161,291	0
Italy	0	0	400,000	200,000	300,000	0	400,000	300,000	0	0	0
Jamaica	4,000	0	8,000	0	0	0	12,000	0	0	0	0
Kenya	10,000	0	30,722	1,263	1,009	0	10,348	0	24,085	8,561	0
Kuwait	0	0	150,000	0	0	0	0	0	0	150,000	0

Country/organization	Unpaid balances/ advances by donors brought forward from UNIDF 1.1.86	Adjustments to prior pledges	IDF firm pledges for				Collections in		Exchange adjustments	Unpaid balance	Advances by donors
			1986-1991	1992	1993	1994 and future years	1986-1992	1993			
						General-purpose convertible (continued)					
Lao People's Democratic Republic	1 500	0	1 500	0	0	0	1 500	0	0	1 500	0
Lesotho	0	1 308	6 211	0	0	0	7 360	0	159	0	0
Luxembourg	0	0	60 687	14 978	0	0	51 435	26 481	(2 249)	0	0
Madagascar	0	0	5 878	0	553	0	4 177	554	1 166	554	0
Malawi	0	0	7 166	0	0	0	5 097	0	1 083	986	0
Malaysia	480	0	120 000	20 000	20 000	20 000	120 480	20 000	0	40 000	0
Mali	2 611	0	0	0	0	0	0	0	(767)	3 378	0
Malta	0	0	800	0	0	0	800	0	0	800	0
Mauritius	0	0	5 458	1 000	0	0	5 786	0	130	552	0
Mexico	0	4 803	15 000	0	0	0	19 803	0	0	0	0
Mongolia	0	0	13 364	0	0	0	12 146	0	1 199	19	0
Morocco	5 038	5 010	5 000	0	0	0	13 421	0	1 627	0	0
Mozambique	4 925	0	5 063	0	0	0	5 565	0	4 425	0	0
Myanmar	0	0	6 040	0	0	0	5 998	0	42	0	0
Nepal	0	0	3 500	700	700	0	4 900	0	0	0	0
Netherlands	0	0	657 895	0	0	0	372 079	0	25 399	260 417	0
Nicaragua	0	0	0	2 350	0	0	2 350	0	0	0	0
Nigeria	50 000	0	0	0	0	0	0	0	0	50 000	0
Oman	12 000	0	12 000	0	0	0	12 000	0	0	12 000	0
Pakistan	0	0	48 933	0	0	0	48 933	0	0	0	0
Panama	0	0	6 000	0	0	0	2 000	0	0	4 000	0
Papua New Guinea	0	0	12 871	0	0	0	14 775	0	(1 902)	0	0
Paraguay	30 000	0	0	0	0	0	24 000	0	0	6 000	0
Peru	25 000	0	0	0	0	0	5 000	0	0	20 000	0
Philippines	6 006	0	20 000	0	4 356	0	25 432	4 930	0	0	0
Portugal	0	0	30 000	0	0	0	30 000	0	0	0	0
Republic of Korea	0	0	191 000	35 000	0	0	226 000	0	0	0	0
Romania	0	0	0	4 040	3 488	0	4 040	2 830	658	0	0
Rwanda	0	0	20 000	0	0	0	20 000	0	0	0	0
Saint Vincent and the Grenadines	0	0	1 500	0	0	0	1 500	0	0	0	0
Saudi Arabia	0	0	3 000 000	0	0	0	3 000 000	0	0	0	0
Senegal	29 113	0	4 000	0	0	0	30 900	12 213	0	0	0
Sierra Leone	94	3 184	5 891	0	0	0	9 167	0	2	0	0
Somalia	2 467	0	0	0	0	0	0	0	67	2 400	0
Sri Lanka	0	0	19 332	3 333	3 333	0	22 629	3 333	36	0	0
Sudan	102 732	0	0	0	0	0	35 180	0	0	67 332	0
Suriname	2 000	0	0	0	0	0	0	0	0	2 000	0
Swaziland	1 532	1 802	8 591	0	0	0	10 931	0	(179)	1 173	0
Syrian Arab Republic	0	5 372	11 781	788	788	0	17 941	788	0	0	0
Thailand	0	0	127 168	23 500	23 500	23 500	150 736	23 500	(68)	23 500	0
Togo	3 916	0	6 514	0	0	0	9 346	0	(936)	1 000	0
Trinidad and Tobago	0	8 375	80 329	0	0	0	80 379	0	(1 675)	0	0
Tunisia	0	0	113 961	0	0	0	111 274	0	2 687	0	0
Uganda	1 000	1 000	9 000	0	0	0	2 000	0	0	9 000	0
United Republic of Tanzania	0	0	4 154	283	0	0	3 516	0	895	26	0
Venezuela	0	0	11 467	0	0	0	11 467	0	0	0	0
Viet Nam	1 000	0	0	0	0	0	1 000	0	0	0	0
Yemen	0	0	8 000	2 000	2 000	2 000	4 807	0	(7)	10 800	0

Country/organization	Unpaid balances/ advances by donors brought forward from UNIDF 1.1.86	Adjustments to prior pledges	IDF firm pledges for 1986-1991	1992	1993	1994 and future years	Collections in a/ 1986-1992	1993	Exchange adjustments	Unpaid balance	Advances by donors
					General-purpose convertible (continued)						
Zaire	3.000	0	113.000	0	0	0	0	0	0	116.000	0
Zambia	517	0	23.885	850	0	0	21.745	0	3.907	0	0
Zimbabwe	0	8.075	49.409	5.601	0	1.334	60.419	0	2.733	1.467	0
Organizations											
King Abdulaziz City for Science and Technology, Saudi Arabia	0	0	32.760	0	0	0	29.868	0	0	2.892	0
S.G des Eaux Minerales de Vittel, France	0	0	3.108	0	0	0	3.108	0	0	0	0
Computech Engineering Services Inc., USA	0	0	30.000	0	0	0	30.000	0	0	0	0
Cooperation Council for the Arab States of the Gulf (GCC)	0	0	11.587	0	0	0	0	0	0	11.587	0
Cordecruz, Bolivia	0	0	22.017	0	0	0	22.017	0	0	0	0
Total	1.038.086	80.578	8.154.349	832.022	888.219	477.134	8.856.012	936.248	55.971	1.642.149	0
					Special-purpose convertible						
Australia	(68.815)	0	168.664	0	0	93.008	179.470	0	0	13.387	0
Austria	(121.788)	0	5.293.994	1.730.418	1.438.071	4.314.547	7.784.729	2.378.275	0	2.492.198	0
Belgium	(480.520)	0	3.608.944	1.244.284	764.644	384.612	4.332.036	1.147.724	0	42.204	0
Brazil	0	0	226.099	0	0	0	256.000	0	0	0	(29.901)
Bulgaria	0	0	3.333	0	0	0	3.333	0	0	0	0
China	(289.639)	0	1.321.018	196.921	702.169	133.048	2.328.571	400.000	0	0	(665.038)
Costa Rica	0	0	0	0	35.843	0	0	35.843	0	0	0
Côte d'Ivoire	108.765	0	0	0	0	0	0	0	0	108.765	0
Czech Republic	0	0	0	0	0	0	19.430	28.280	0	0	(47.690)
Democratic People's Republic of Korea	0	0	0	0	0	0	164.785	0	0	0	(164.785)
Denmark	0	0	2.426.741	269.851	968.374	2.234.637	3.293.429	333.385	0	2.272.793	0
Egypt	(190.893)	0	292.611	0	0	0	0	0	0	101.718	0
Finland	(259.801)	0	921.203	1.111.310	1.034.925	248.597	3.552.814	25.000	0	0	(521.580)
France	(817.302)	0	14.833.308	4.149.809	4.026.797	749.037	19.686.844	2.249.618	0	1.005.187	0
Germany	(1.807.841)	0	27.339.797	4.166.022	5.626.567	8.032.996	33.709.016	3.678.806	0	5.969.719	0
Greece	0	0	0	121.881	250.144	130.350	270.000	0	0	232.375	0
Hungary	5.597	0	(617)	0	0	0	4.980	0	0	0	0
India	79.685	0	492.168	170.947	643.846	635.351	2.050.000	250.000	0	0	(278.003)
Iran, Islamic Republic of	0	0	375.160	173	0	0	373.268	0	0	2.065	0
Italy	(597.640)	0	32.411.967	8.026.333	9.557.270	2.844.980	42.646.861	2.615.265	0	6.980.734	0
Japan	(662.483)	0	9.603.308	3.072.164	5.299.135	2.133.324	14.791.530	5.086.630	0	0	(432.712)
Malta	31.628	0	(31.628)	0	0	0	0	0	0	0	0
Netherlands	(292.528)	0	1.815.239	507.738	228.998	2.109.528	3.438.816	1.153.281	0	0	(223.122)
Norway	(282)	0	296.716	610.347	1.012.317	538.006	2.164.381	0	0	292.723	0
Poland	0	0	30.677	12.738	60.585	16.639	83.855	0	0	36.784	0
Portugal	0	0	0	0	479.260	0	173.866	0	0	305.394	0
Republic of Korea	0	0	957.056	318.025	450.668	0	1.506.346	337.840	0	0	(118.437)

Country/organization	Unpaid balances/ advances by donors brought forward from UNIDF 1.1.86	Adjustments to prior pledges	IDF firm pledges for				Collections in a/		Exchange adjustments	Unpaid balance	Advances by donors
			1986–1991	1992	1993	1994 and future years	1986–1992	1993			
					Special purpose convertible (continued)						
Saudi Arabia	0	0	231.512	581.706	212.310	73.192	1.374.966	625.034	0	0	(901.280)
Slovakia	0	0	0	0	0	0	9.710	0	0	0	(9.710)
Spain	(38.245)	0	66.446	0	0	0	31.640	(1.283)	0	0	(2.156)
Sweden	72.067	0	1.125.815	192.532	131.523	0	1.218.394	0	0	303.543	0
Switzerland	(1.608.536)	0	8.189.153	2.081.813	2.809.492	4.617.378	10.650.155	2.231.514	0	3.207.631	0
Turkey	0	0	0	0	0	0	25.000	0	0	0	(25.000)
United Kingdom	(150.310)	0	6.027.944	916.794	16.803	0	6.786.160	0	0	25.071	0
Venezuela	0	0	0	202.514	0	0	193.714	0	0	8.800	0
Yemen	(2.474)	0	1.249	0	0	0	(1.225)	0	0	0	0
Yugoslavia	(1.041)	0	0	0	0	0	(1.041)	0	0	0	0
Multi-donor projects	0	0	15	(124.936)	1.451.843	2.453.169	0	0	0	3.780.091	0
Organizations											
Arab Industrial Development and Mining Organization	(19.877)	0	26.997	0	60.000	0	(20.000)	42.060	0	45.060	0
African Institute for High Technology, Training and Research, Kenya	1.253	0	(5.564)	0	0	0	(4.311)	0	0	0	0
Agence de coopération culturelle et technique (ACCT), Paris	0	0	0	0	123.900	7.350	131.250	0	0	0	0
Banque ouest-Africaine de développement (BOAD), Togo	0	0	2.800	0	0	0	2.800	0	0	0	0
Caritas, Austria	0	0	0	28.816	30	0	28.846	0	0	0	0
Chiyoda Corporation, Japan	0	0	99.598	0	0	0	99.598	0	0	0	0
Convention to Combat Desertification (INCD)	0	0	0	0	39.000	0	0	0	0	39.000	0
Corporación Andina de Fomento (CAF)	0	0	392.752	208.754	125.798	0	643.038	0	0	84.266	0
Egyptian Iron and Steel Company	(10.576)	0	5.863	0	0	0	(4.713)	0	0	0	0
Gaz de France, Paris	0	0	0	0	17.967	0	17.967	0	0	0	0
Inverni della Beffa, Italy	0	0	0	27.950	7.049	0	34.694	0	0	305	0
Kuwait Institute for Higher Technical Training and Research	(48.229)	0	74.665	0	0	0	0	0	0	26.436	0
Montreal Protocol Fund	0	0	0	0	1.535.872	791.509	0	6.899.617	0	0	(4.572.236)
S.G des Eaux Minerales de Vitell, France	0	0	23.351	0	6.539	0	33.715	0	0	0	(3.825)
Nobel Chematur, Sweden	0	0	9.040	0	0	0	9.040	0	0	0	0
Apple Computer, USA	0	0	27.531	0	0	0	27.531	0	0	0	0
Saudi Consulting House, Saudi Arabia	0	0	11.412	0	0	0	11.412	0	0	0	0
United Nations International Drug Control Programme	0	0	0	0	1.195.041	1.349.600	0	1.195.000	0	1.349.641	0
Total	(7.169.825)	0	118.696.297	29.824.904	40.312.776	33.890.808	164.112.686	30.711.839	0	28.725.890	(7.995.455)

Country/organization	Unpaid balances/ advances by donors brought forward from UNIDF 1.1.86	Adjustments to prior pledges	IDF firm pledges for 1986–1991	1992	1993	1994 and future years	Collections in a/ 1986–1992	1993	Exchange adjustments	Unpaid balance	Advances by donors
					Non-convertible						
Bulgaria	(222.203)	0	404.181	0	7.521	0	445.491	10.401	0	0	(266.393)
China	(54.661)	0	407.099	39.024	50.974	0	692.460	0	0	0	(250.024)
Cuba	(219.864)	0	278.022	0	(3.813)	0	193.429	28.378	0	0	(167.462)
Czech Republic b/	(78)	0	1.923.228	232.894	328.732	0	2.277.802	318.492	0	0	(111.518)
Egypt	21.793	0	34.894	0	0	0	72.492	0	0	0	(15.805)
Hungary	(1.360)	0	746.799	146.559	110.994	0	1.087.881	197.505	0	0	(282.394)
India	(399.558)	0	608.144	575.043	1.811.564	688.793	3.535.671	515.563	0	0	(767.248)
Iran, Islamic Republic of	0	0	56.667	0	0	0	66.667	0	0	0	(10.000)
Mongolia	(15.925)	0	0	0	0	0	0	0	0	0	(15.925)
Pakistan	(98.888)	0	89.849	8.255	416	0	76.046	0	0	0	(76.414)
Poland	(26.495)	0	978.890	270.736	553.295	106.713	1.492.840	313.715	0	76.584	0
Romania	(2.471)	0	204.942	0	0	0	195.895	0	0	6.576	0
Russian Federation	(402.605)	0	5.031.709	(266.163)	40.705	0	5.342.774	0	0	0	(939.128)
Slovakia	0	0	0	0	0	0	0	29.425	0	0	(29.425)
Turkey	(2.258)	0	1.010.023	229.659	346.238	0	1.522.316	338.444	0	0	(277.098)
Yugoslavia	(57.228)	0	272.584	1.196	0	0	703.819	0	0	0	(487.267)
Organizations											
Egyptian Iron and Steel Company	(26.747)	0	(5.195)	0	0	0	0	0	0	0	(31.942)
Total	(1.508.548)	0	12.041.836	1.237.203	3.246.626	795.506	17.705.583	1.751.923	0	83.160	(3.728.043)
Grand total	(7.620.287)	80.578	138.892.478	31.894.129	44.447.617	35.163.448	190.674.281	33.400.010	55.971	30.451.199	(11.723.498)

a/ Negative amounts denote repayments to donors.
b/ Up to December 1992, former Czechoslovakia.

Schedule 1.2

Summary of transactions on sub-accounts of the
Industrial Development Fund for the biennium 1992-1993 as at 31 December 1992
(In US dollars)

	Fund balance 1/1/1992	Increase in firm pledges 1992/1993	Interest accrued 1992/1993	Other income 1992/1993	Expenditure 1992/1993	Fund balance as at 31/12/1993
	1	2	3	4	5	6
General purpose convertible	3.604.850	1.978.487	333.862	(112.264)	3.347.645	2.657.290
Agence de cooperation culturelle et technique	0	123.900	7.778	(12)	103.142	28.524
Arab Industrial Development and Mining Organization	60.000	0	819	(11)	0	60.808
Argentina	4.389	0	(4.389)	0	0	0
Australia	32.124	0	13.445	0	0	45.769
Austria	395.322	3.014.844	198.318	(523.888)	2.999.798	24.650
Belgium	1.930.759	1.880.186	188.021	(10.219)	1.788.713	1.309.014
Brazil	15.822	99	5.504	0	0	21.425
Caritas	2.318	28.846	2.869	0	28.920	5.113
Colombia	396	0	(396)	0	0	0
China	404.006	719.846	167.372	(78)	689.630	701.516
Corporacion Andina de Fomento	222.793	197.471	29.592	(11)	210.385	240.165
Cote d'Ivoire	(442)	0	0	0	0	(442)
Costa Rica	0	35.844	0	0	35.481	(637)
Czech Republic	0	0	3.827	(22)	0	3.786
Democratic People's Republic of Korea	43.915	0	24.786	0	0	68.701
Denmark	141.962	1.155.289	(39.711)	(3.270)	969.735	284.535
Sri Lanka Vote	9.941	0	1.654	0	0	11.595
Egypt	(844)	0	0	844	0	0
Egyptian Iron and Steel Co.	645	0	0	(645)	0	0
Finland	2.036.993	1.075.511	366.674	(1.067)	1.649.217	1.827.894
France	4.946.044	6.564.766	293.363	(54.948)	7.532.308	4.257.959
Gaz de France	1.011	17.967	1.588	0	17.967	2.599
Germany (a)	2.949.032	5.024.397	425.071	31.883	7.733.353	3.699.030
Greece	0	372.025	8.213	(8.487)	332.692	39.059
Ireland della Betta	1.116	34.999	956	0	27.951	9.119
India	442.646	692.539	193.625	(1.724)	615.032	711.952
Intergovernmental Negotiating Committee for a Convention to Combat Desertification	0	39.000	0	0	0	39.000
Iran (Islamic Republic of)	25.566	173	3.842	0	173	29.408
Italy	10.606.318	13.569.741	842.406	(2.019.922)	13.710.429	9.224.114
Japan	1.248.334	7.700.896	418.851	143.973	7.653.900	1.860.144
Malta	1	0	0	0	1	0
Montreal Protocol	0	1.535.872	42.813	(44)	783.517	855.124
Netherlands	896.093	285.394	256.401	(2.837)	684.335	750.916
Norway	232.243	1.473.752	123.527	(1.302)	1.168.109	672.111
Portugal	0	479.260	19.689	(38.190)	0	460.759
Poland	21.593	55.000	4.331	0	20.094	60.829
Republic of Korea	186.565	611.329	20.986	(3.123)	667.735	148.022
Saudi Arabia	342.227	506.511	135.365	(30)	683.370	301.003
Saudi Consulting House	(1)	0	0	0	(1)	0
Slovakia	0	0	420	0	0	420
Spain	2.925	(1.283)	536	0	0	2.978
Sweden	560.470	(127.581)	1.581	4.100	227.283	211.367
Switzerland	1.672.762	3.761.333	26.281	(39.345)	4.422.315	1.008.656
Turkey	2.281	0	3.277	0	0	5.558
UNDCP	0	1.195.040	3.781	0	618.301	580.520
Undetermined	206.143	1.120.763	0	0	(106.723)	1.435.629
United Kingdom	155.125	856.611	24.469	107.468	900.627	243.046
Venezuela	10.897	202.514	13.375	0	202.516	24.270
Total special-purpose convertible	28.991.671	57.138.564	3.873.946	(2.410.907)	56.328.947	31.266.327
Bulgaria	(240.719)	(9.488)	3.833	(845)	4.422	(251.641)
China	(161.282)	89.614	0	(5.684)	77.318	(154.670)
Cuba	81.450	(40.826)	0	(5.593)	(14.563)	49.594
Czech Republic	(24.820)	581.627	8.564	(8)	560.863	(15.500)
Egypt	(61.349)	0	0	(2)	0	(61.351)
Hungary	(28.032)	247.427	22.317	(55.004)	241.130	(54.422)
India	(865.168)	2.112.346	0	(325.330)	1.513.630	(594.782)
Iran (Islamic Republic of)	0	0	0	(6.470)	(1)	(6.469)
Mongolia	(14.548)	0	0	(1.225)	0	(15.773)
Pakistan	(48.923)	7.444	0	(5.402)	8.671	(55.552)
Poland	(120.837)	721.726	0	(66.112)	575.808	(41.031)
Romania	(48.002)	0	70	(5.154)	0	(53.086)
Russian Federation	(130.780)	(590.154)	0	(476.193)	(258.240)	(936.837)
Slovakia	0	0	0	(3.448)	0	(3.448)
Turkey	(121.108)	439.938	20.573	(156.337)	481.584	(293.018)
Yugoslavia	(316.453)	(70.754)	0	(98.864)	1.196	(487.267)
Total non-convertible	(2.100.571)	3.468.900	54.857	(1.208.751)	3.191.778	(2.977.293)
Grand total	30.695.950	62.585.951	4.262.685	(3.731.872)	62.968.370	30.948.324

(a) Includes balances from former German Democratic Republic

Schedule 7.3

TECHNICAL COOPERATION ACTIVITIES FINANCED BY TRUST FUNDS

Schedule of income and expenditure and fund balance for the biennium 1992-1993

(In United States dollars)

	Fund balance 1 Jan. 1992	Contributions received, interest and miscellaneous income	Expenditures	Fund balance 31 Dec. 1993
Projects financed by recipient Governments				
Argentina	79,504	2,749,055	891,119	1,937,440
Botswana	28,604	450	22,606	6,448
Byelorussian SSR		221,317	160,618	60,699
China	(64,961)	338,897	218,686	55,250
Comoros	233	12	-	245
Democratic People's Republic of Korea	17,145	(11,284)	5,861	-
Ecuador	-	100,635	83,203	17,432
Egypt	15,687	2,290,092	1,620,698	685,081
Iran, Islamic Republic of	-	135,686	20	135,666
Iraq	1,256,721	60,807	-	1,317,528
Libyan Arab Jamahiriya	7,852,620	13,530,888	18,986,173	2,397,335
Madagascar	8,185	146,663	135,141	19,707
Oman	-	332,690	236,686	96,004
Poland	1,800	(1,800)	-	-
Russian Federation	176,817	65,895	196,487	46,225
Suriname	4,465	(4,465)	-	-
Turkey	-	101,656	44,891	56,765
United States of America	45,075	1,063,052	990,243	117,884
Subtotal	9,421,895	21,120,246	23,592,432	6,949,709
Associate experts				
Austria	60,850	2,584	14,650	48,784
Belgium	386,508	476,968	213,489	649,987
Denmark	255,649	407,919	297,984	365,584
Finland	201,723	312,112	339,535	174,300
France	121,244	78,655	78,065	121,834
Germany	939,455	497,283	1,199,941	236,797
Italy	3,342,391	666,844	1,282,504	2,726,731
Japan	359,393	1,030,799	921,183	469,009
Netherlands	985,121	2,063,418	2,240,943	807,596
Norway	22,102	286,813	224,841	84,074
Spain	11,927	77,094	75,741	13,280
Sweden	93,203	73,997	79,146	88,054
Subtotal	6,779,566	5,974,486	6,968,022	5,786,030

Schedule 7.3 (contd.)

	Fund balance 1 Jan. 1992	Contributions received, interest and miscellaneous income	Expenditures	Fund balance 31 Dec. 1993
Junior Professional Officers				
Austria	1,075	20,278	8,664	12,689
Belgium	100,758	53,433	39,843	114,348
Denmark	93,053	85,345	29,022	149,376
Finland	28,146	49,071	10,096	67,121
France	6,690	3,357	-	10,047
Germany	304,105	115,065	58,775	360,395
Italy	14,439	724	-	15,163
Japan	32,161	7,744	2,664	37,241
Netherlands	101,515	151,423	68,496	184,442
Norway	36,195	38,334	30,793	43,736
Sweden	18,016	11,291	3,734	25,573
Switzerland	12,892	12,769	8,834	16,827
Subtotal	749,045	548,834	260,921	1,036,958
Projects financed by donor Governments				
Austria	6,376	22,226	22,759	5,843
Canada	11,869	574	795	11,648
Denmark	798,771	544,981	978,349	365,403
Finland	77,463	29,307	107,374	(604)
France	460,573	613,813	502,983	571,403
India	557,475	1,509,547	1,180,115	886,907
Italy	10,058,669	27,151,269	13,881,319	23,328,619
Japan	5,202,111	3,267,801	2,982,068	5,487,844
Netherlands	453,107	(455,585)	(2,562)	84
Norway	297,293	7,848	289,866	15,275
Republic of Korea	577,448	253,555	512,891	318,112
United Kingdom	1,237,431	2,051,058	2,413,906	874,583
Subtotal	19,738,586	34,996,394	22,869,863	31,865,117
Other trust funds				
Amran Cement Plant	(21,875)	21,875	-	-
Armenian General Benevolent Fund	221,731	(221,731)	-	-
Arthur Andersen & Co	13,909	20,654	29,582	4,981
Asociacion de Exportadores	-	11,992	7,978	4,014
Associate Mining Industries, Nigeria	37,846	1,545	28,923	10,468
Atisa Atkins SA	19,549	(19,549)	-	-
AWT Handels GsmbH	-	120,403	106,599	13,804
Banco de Sabadell	138,650	269,754	202,279	206,125
Banco Espanol de Credito	4,714	(781)	3,933	-
Beni Suef Cement Company	-	342,055	96,811	245,244
Benue Cement Company	50,615	295,794	147,829	198,580
Bumar Labedy	-	15,412	14,718	694
Cement Company of Northern Nigeria	203,327	761,401	524,802	439,926
Ceylon Steel Corporation	-	26,744	25,458	1,286

Schedule 7.3 (contd.)

	Fund balance 1 Jan. 1992	Contributions received, interest and miscellaneous income	Expenditures	Fund balance 31 Dec. 1993
Other trust funds (continued)				
Centro de investigación y asistencia técnica	-	141,245	98,944	42,301
Centro de investigaciones Textiles	20,955	1,107	3,436	18,626
Chiyoda Corporation	104,981	295,216	95,151	305,046
Compagnie, Financière et Industrielle	16,231	810	101	16,940
Ciments du Gabon	-	168,239	154,399	13,840
Citoh and Co. Ltd	16,203	813	-	17,016
Commission of the European Communities	1,656	82	-	1,738
Convetro	-	22,489	20,128	2,361
CSR Ltd. Corp. Development	-	37,893	33,288	4,605
Engineering Consulting Firms Association	58,314	101,509	94,949	64,874
EPSTEIN Engineering Export Ltd.	-	50,337	46,425	3,912
Ernst and Young	5,952	381	1,959	4,374
FAGACE	2,603	(2,603)	-	-
Farmitalia Carlo Erba SA	4,545	(4,545)	-	-
Fed. Chemical & Ceramics Corp.	-	266,780	260,865	5,915
Gabon Consultants et Associes	3,286	(3,083)	(171)	374
Goldstar Co. Ltd	159,985	424,519	362,026	222,478
Gulf Co-operation Council	7,076	355	-	7,431
Helwan Portland Cement Co.	215,511	1,120,591	1,273,450	62,652
ICN Pharmaceutical Inc.	-	202,532	193,860	8,672
IFAD	-	708,182	291,781	416,401
Industrial Research and Consultancy Centre	329	-	-	329
Industrirade	76,563	268,970	299,366	46,167
Intertec Contracting Association	4,147	(4,147)	-	-
Iran Itok Engineering	-	50,572	46,919	3,653
Islamic Development Bank	46,293	18,838	44,239	20,892
Japan International Development Organization	1,132,102	50,246	189,133	993,215
Korea Pyengwang Ind. Corp	-	718,464	570,579	147,885
Laminaciones Peruanas SA	13,708	(13,708)	-	-
Marubeni Corporation	25,617	(25,617)	-	-
Mitshubishi Corporation	345,287	(250,870)	94,417	-
Mitsui Co. Ltd.	-	80,724	80,330	394
National Industrialisation Co.	22,980	1,107	1,947	22,140
New Nigeria Development Co.	46,459	2,193	7,059	41,593
Nigerian Industrial Development Bank	54,889	2,753	187	57,455
Nigerian National Petroleum Corporation	2,470,012	835,993	1,929,291	1,376,714
Petroliam Nasional Berhad	132,548	3,448	116,072	19,924
Pharmadule	12,526	(8,107)	29	4,390
Price Waterhouse	9,040	(9,797)	(757)	-
Research Area of Trieste	11,085,083	(542,930)	6,063,126	4,479,027
Rockefeller Foundation	140,725	14,784	99,454	56,055

Schedule 7.3 (contd.)

	Fund balance 1 Jan. 1992	Contributions received, interest and miscellaneous income	Expenditures	Fund balance 31 Dec. 1993
Other trust funds (continued)				
Saudi Basic Industries Corporation	324	(324)	-	-
Servicio Nacional de Aprendizagem Industrial	227,803	1,322,411	1,285,132	265,082
Sezione Speciale per l'Assicurazione de Credito	21,494	1,105	(598)	23,197
Shahid Modarres Ind Pharmac	230,175	4,638	200,305	34,508
Sibir Inc.	240,573	110,464	253,068	97,969
Société Nationale d' Investissement	55,806	2,795	23,730	34,871
The Ford Foundation	-	84,445	82,730	1,715
The Yemen Corporation for Cement Industries	26,547	(21,213)	(4,416)	9,750
Trustees of the FOX Gibraltar Sett	26,729	(26,729)	-	-
United Nations Environment Programme	14,248	183	14,519	(88)
United Nations Fund for Special Industrial Services	146,676	7,358	-	154,034
Wockhardt Ltd	-	180,724	141,266	39,458
World Health Organization	567	(515)	52	-
World Bank	75,159	4,022,585	1,267,822	2,829,922
Subtotal	17,970,173	12,059,260	16,924,504	13,104,929
Multi-donor trust funds	207,531	451,926	311,704	347,753
Subtotal	207,531	451,926	311,704	347,753
TOTAL	54,866,796	75,151,146	70,927,446	59,090,496

Schedule 7.4

Summary of UNDP-financed technical cooperation activities during the biennium 1992-1993

	1992		1993		Biennium 1992-1993	
	Project expenditure	Programme support	Project expenditure	Programme support	Project expenditure	Programme support (Schedule VI)
Old regime						
UNDP main programme	57,356,777	7,361,564	38,859,938	5,074,226	96,216,715	12,435,790
Projects for which UNIDO is the associated agency	1,998,707	259,832	529,650	68,854	2,528,357	328,686
Government-executed projects for which UNIDO is the cooperating agency	2,747,798	357,330	2,019,468	262,530	4,767,266	619,860
UNDP trust funds	1,484,910	83,768	149,199	14,107	1,634,109	97,875
New regime						
TSS-1	536,086	468,217	1,096,022	1,123,450	1,632,108	1,591,667
IPF	20,947	1,703	2,170,041	214,508	2,190,988	216,211
- TSS-2		14,400	33,545	115,850	33,545	130,250
Projects for which UNIDO is the associated agency	-	-	596,485	56,374	596,485	56,374
- TSS-2			2,528	19,950	2,528	19,950
Government-executed projects for which UNIDO is the cooperating/ implementing agency	240,200	20,772	4,714,272	464,131	4,954,472	484,903
- TSS-2		6,300	12,719	279,550	12,719	285,850
	64,385,425	8,573,886	50,183,867	7,693,530	114,569,292	16,267,416

Annex I

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies

The following are the significant accounting policies of UNIDO:

(a) UNIDO's accounts are maintained in accordance with the Financial Regulations of UNIDO as adopted by the General Conference, the rules formulated thereunder, administrative instructions in force as at the date of conversion of UNIDO into a specialized agency, and in conformity with generally accepted government accounting principles. UNIDO follows the Accounting Standards, as approved by the Consultative Committee on Administrative Questions on behalf of the Administrative Committee on Co-ordination at its seventy-ninth session and requested by General Assembly Resolution 48/216, as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons.

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies.

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used.

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place.

(v) Financial statements should show corresponding figures for the preceding period.

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The UNIDO financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(c) Fund accounting. The UNIDO accounts prepared for each fund or for a group of funds of the same nature.

(d) The fiscal period of the Organization is a biennium and consists of two consecutive calendar years.

(e) The income, expenditure, assets and liabilities are recognized on the accrual basis of accounting except for trust funds where income is recorded upon receipt of the contribution only.

(f) Translation of currencies. The accounts of the Organization are presented in United States dollars. Transactions in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements, prepared at such intervals as may be prescribed, reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the United Nations rates of exchange in effect as at the date of the statements.

(g) Assessed contributions. In accordance with financial regulation 5.6, payments made by a Member State are credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member State was assessed.

(h) Pledged contributions. Pledges are recorded as income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specified time or times. Pledges received for future years are recorded as deferred income.

(i) Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

(j) Deferred charges.

(i) Deferred charges comprise expenditure items which are not properly chargeable in the current fiscal period and which will be charged as expenditure in a subsequent fiscal period.

(ii) For balance-sheet statement purposes only, that portion of the education grant advance which is assumed to pertain to the scholastic year completed as at the date of the financial statement is shown under deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education

Acquisitions are charged against budgetary accounts in the year of purchase.

(l) Commitments approved for future fiscal periods which are necessary in the interests of UNIDO, in accordance with financial rule 109.6 are disclosed in the notes to the financial statements of the respective fund; such commitments are normally restricted to administrative requirements of a continuing nature and to other contracts or legal obligations where long lead-times are required for delivery.

(m) No provision is made in the General Fund for repatriation grant entitlements or to meet contingencies under appendix D to the Staff Rules of UNIDO as funds are provided for in the budget appropriations. However, provision is made to meet repatriation grant entitlements and contingency liabilities for compensation payments under appendix D for personnel financed by technical cooperation other than UNDP and general trust funds which is calculated on the basis of one per cent of net base pay.

(n) Statement of surpluses due to Member States shows funds available for credit to Member States arising from unobligated balances of appropriations, savings in the liquidation of obligations for prior periods and contributions from new Member States. In accordance with financial regulation 4.2 (b) as amended the amount standing to the credit of Member States is reduced by the amount of contributions remaining unpaid. The balance of the surplus account is to be offset against future assessments in accordance with financial regulation 5.2 (d) unless the General Conference decides otherwise.

(o) Miscellaneous income.

(i) The net income realized from revenue-producing activities is reported as miscellaneous income.

(ii) Refunds of expenditures charged to prior fiscal periods are credited to miscellaneous income.

(iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income.

(iv) Gain/loss on exchange arises from transactions in currencies other than United States dollars and revaluation of assets and liabilities held in local currencies. On the closing of the accounts at the end of each fiscal period, the balance of the exchange accounts is debited/credited to miscellaneous income which constitutes a formal departure from UNIDO's financial rule 110.7.

(v) The proceeds from the sale of surplus property are credited to the miscellaneous income of the respective funds.

(vi) The technical cooperation financial statements report on the activities financed by UNDP, trust funds and the Industrial Development Fund. In addition, the expenditure for projects executed under the regular budget of UNIDO (UNIDO's Regular Programme of Technical Assistance) together with corresponding amounts of allocations are also reflected in the technical cooperation financial statements as supplementary information in order to give an overall view of technical cooperation activities.

(vii) The appropriations for technical cooperation programmes of the regular budget are administered in accordance with the Financial Regulations of UNIDO.

(viii) Allocation income - UNDP. The figures for allocation income from UNDP are the same as reported for total expenditure in line with UNDP procedures which require that allocations be adjusted to equal actual expenditure.

(ix) Contributions income - trust funds. Contributions from Governments or other donors are recorded upon receipt of the contribution.

(x) Interest and miscellaneous income. Interest and miscellaneous income arising from regular budget activities are credited to miscellaneous income of the General Fund. Interest and miscellaneous income arising from UNDP activities are credited to the operating fund account maintained with that organization. Interest and miscellaneous income for technical cooperation trust funds and the Industrial Development Fund are credited to the fund concerned.

(xi) Unspent allocations/deferred income - UNDP. The unspent balance of allocations issued for the current year together with allocations issued for future years is reflected as an asset and as deferred income.

(xii) The criteria for recording and reporting unliquidated obligations against the current biennium for the Regular Programme of Technical Cooperation are the same as those for the regular budget. For all other technical cooperation funds sources obligations may be reported as expenditure of the current year on the basis of the following criteria:

Personnel Services

The cost of salaries and related expenses corresponding to services rendered within the calendar year. Personnel services, in this context, includes temporary assistance and overtime as well as consultants who have

sum per period worked, the full cost of the contract may be treated as an obligation of the current year.

Supplies and equipment

The full cost of contracts or purchase orders entered into prior to the end of the year, whether or not delivery has been effected as long as there is budgetary provision in the current period.

Subcontracts

An obligation can be sustained on the basis of the payment schedule included in the signed contract with the contractor. Where no payment schedule exists the basis is the estimated timing of payments.

Fellowships

The cost of the fellowship from the date of commencement of study to completion of study or 31 December, whichever is earlier. The fellow must have been placed, i.e. the fellowship awarded to a named individual and the place of study, the course of study, and the duration of the study established and the recipient Government notified.

Travel

The full cost of travel, including the cost of transportation, subsistence allowances, and other incidental expenses can be sustained if travel started prior to the end of the calendar year.

Group training

The cost of activities held in the current year. In the case of activities beginning in one year and continuing into the next the full cost of the activity should be charged to the current year.

(viii) Unliquidated obligations for the current period in respect of all technical cooperation activities other than the regular budget remain valid for twelve months following the end of the year, rather than the biennium, to which they relate. However, in accordance with UNDP reporting requirements, executing agencies may retain unliquidated obligations beyond twelve months when a firm liability to pay still exists; such liabilities are reported as accounts payable in the financial statements. Savings in the liquidation of prior period obligations are credited to individual projects as a reduction of current period expenditure in accordance with UNDP reporting requirements. The

(ix) Commitments are disclosed in the notes to the financial statements of the respective fund rather than reported as a separate liability item as has been previously the practice.

(x) A system of average costing is used for UNDP projects whereby those elements of experts' actual costs which are unique to the individual expert are charged to UNDP projects at average cost, calculated by apportioning those costs over all UNDP projects in respect of which expert-months have been delivered in the current period.

(g) Trust funds. Director General's Bulletin UNIDO/DG/B.18/Rev.1 dated 15 May 1992 sets out revised policies for establishing and managing trust funds with effect from 26 May 1992. Extra-budgetary funds provided to reimburse the Organization for the use of its facilities are excluded from the provisions of UNIDO/DG/B.18/Rev.1.

(h) Special account for programme support costs.

(i) Reimbursement for programme support costs is provided for in respect of extra-budgetary technical cooperation activities. Reimbursement is calculated as a percentage of the programme resources expended.

(ii) Under the UNDP successor arrangements for agency support costs technical support on programme and project level are reimbursed at standard unit cost per work-month whereas for administrative and operational services reimbursement is calculated at rates applicable to specific clusters of services.

(iii) In the financial statements of the Organization, the special account for programme support costs (Statement VI) is shown separately from the extrabudgetary funds (Statement VII) from which its income derives.

(iv) Unliquidated obligations in respect of the special account for programme support costs are accounted for on the same basis as for the programme budget.

Note 2. General Fund

(a) (Statement I, Statement II A)

Adjustment of appropriation

The General Conference (GC.4/Res.27) approved an amount of $179,262,800 for the regular budget for 1992-1993 on the basis of an exchange rate of 12.90 Austrian schillings to one United States dollar. This amount has been restated to $202,500,100 after applying the adjustment formula shown in resolution GC.4/Res.27 to take account of the average exchange rate actually experienced during the biennium 1992-1993 (US$1 = AS 11.26). The revised appropriations for 1992-1993 submitted to the General Conference (GC.5/26 refers) are

(b) (Statement II A)

Revaluation of assessment

Receipts in US$	15,922,681	
US$ equivalent of receipts in AS at rates in effect at date of payment	147,353,751	163,276,432
Unpaid US$ contributions	3,796,238	
Unpaid AS contributions valued at December 1993 rate of US$ 1 = AS 12.00	33,018,601	36,814,839
Value of 1992-1993 assessment as at 31 December 1993		200,091,271
1992-1993 assessment as per Statement I		202,500,100
Decrease in value of assessment due to exchange fluctuations		(2,408,8

(c) (Statement II A)

Provisional excess of income over expenditure

Includes assessed contributions irrespective of collectibility as well as refunds of prior bienniums' expenditure of US$204,626.

(d) (Statement II B, Statement III)

Surpluses due to Member States

Pursuant to financial regulation 4.2 (c), the amount to be surrendered to Member States is the remaining balance of any regular budget appropriations after deducting therefrom any contributions from Members relating to the fiscal period of the appropriations which remain unpaid. It is due to Member States in proportion to their assessed contributions at t end of the second calendar year following the fiscal period to which the appropriations relat unless otherwise decided by the General Confere

(e) (Statement II B)

Increase in the US$ value of AS contributions, 1990-1991

Pursuant to decision IDB.7/Dec.7, arrears assessed contributions in Austrian schill for 1990-1991 were valued at the exchange rate of US$1 = AS 11.34, being the average exchange rate for the three-year period covering the biennium 1990-1991 and the twelve-month period following the biennium and ending on 31 December 1992.

	AS	US$
Unpaid AS contributions as at 31 December 1991	278,381,237	
valued at December 1991 rate of US$1 = AS 11.20		24,855,512
Receipts in AS	173,740,957	
converted at rates in effect at date of payment		16,792,424
		8,063,088
Increase in value of unpaid AS contributions		1,164,468
Unpaid AS contributions valued at		

(f) (Statement III)

Accounts receivable

The following table is an aged analysis of the accounts receivable, expressed in millions of United States dollars, included in Statement III as at 31 December 1993:

	Less than one year	More than one year	Total
Governments	1.0	-	1.0
Staff members	2.2	-	2.2
Specialized agencies	2.9	-	2.9
Other	0.2	-	0.2
Total accounts receivable	6.3	-	6.3

(g) (Statement III)

Deferred charges

The table below provides an analysis of the amount shown in Statement III as deferred charges, expressed in millions of United States dollars, as at 31 December 1993:

Education grant advances	0.7
Total deferred charges	0.7

(h) (Statement III)

Accounts payable

The following table is an analysis of the accounts payable, expressed in millions of United States dollars, appearing in Statement III as at 31 December 1993:

Governments	0.2
Staff members	0.3
Vendors	3.1
Specialized agencies	0.7
Repatriation grants	0.1
Other	0.9
Total accounts payable	5.3

(i) (Statement III)

Due to other funds

The following table is an analysis of the interfund balances, appearing in Statement III as at 31 December 1993. These interfund balances reflect transactions between UNIDO and other agencies and entities which are normally settled in the following month.

Due from other UNIDO funds:	
Special account for programme support costs (Statement VI)	183,127
United Nations Development Programme (Statement VII)	1,499,358
	1,682,485
Due to the United Nations and other UNIDO funds:	
United Nations	56,863
Trust funds (Statement VII)	219,514
EDP Services Revolving Fund (annex III)	4,569
COMFAR Revolving Fund (annex IV)	340,858
Self-liquidating commercial activities (annex II)	241,793
Industrial Development Fund (Statement VII)	964,735
Total	1,828,332
Net amount due to other funds	145,847

(j) (Statement III)

Commitments

Commitments of $15.9 million entered into prior to 31 December 1993, represent legal obligations for which disbursements will be made in the biennium 1994-1995 or in future bienniums. Obligations in currencies other than US dollars have been converted to US dollars at the official United Nations rate of exchange in effect in December 1993.

	Biennium 1994-1995	Future bienniums	Total
VIC operating expenses	9.0	6.9	15.9

Of the $15.9 million committed, $7.1 million will, when disbursed, be recovered from other agencies in accordance with current agreements regarding operation of the VIC.

(k) Non-expendable equipment

The following table shows the non-expendable equipment, at cost, expressed in millions of United States dollars, according to the cumulative inventory records of UNIDO as at 31 December 1993. In accordance with UNIDO accounting policies, non-expendable equipment is not included in the fixed assets of the Organization but is charged against the appropriations when acquired. The minimum dollar value per item of non-expendable property was increased from $500 to $1,500 effective 1 January 1992.

Balance as at 1 January 1992		18.6
Deduct:	Value of equipment reclassified as being expendable	0.6
Adjusted balance as at 1 January 1992		18.0
Add:	Acquisitions during 1992-1993	1.5
Deduct:	Disposals during 1992-1993	0.4
Balance as at 31 December 1993		19.1

Note 3. Tax Equalization Fund (Statement V)

Following the adoption of financial regulation 5.3 on tax equalization (GC.4/Res. 23), the Tax Equalization Fund was closed on 31 December 1992 by transfer to the General Fund of the amount then due to UNIDO for income tax already refunded to staff members. A tax reimbursement agreement between UNIDO and the Government of the United States of America was signed on 26 March 1993. This agreement provides for reimbursement to the Organization of taxes paid or owed on "UNIDO institutional income" earned on or after 1 January 1992 by staff members paid from the regular budget. Reimbursement of taxes paid on income earned during the period 1986 to 1991 in the amount of $950,490 may therefore not be recovered although negotiations with the Government of United States of America are continuing. An obligation in the same amount has been established against 1992-1993 appropriations.

Note 4. Special account for programme support costs

Operating reserve

The operating reserve was established in accordance with PBC conclusion 89/4 at $5,504,190. However, it has effectively been reduced during the biennium 1992-1993 by the negative fund balance of $3,647,238 to $1,856,952.

Note 5. Industrial Development Fund

(a) Of the cash balance US$55,609,130 the equivalent of US$1,634,028 is held in currencies classified as non convertible.

(b) Accounts receivable (Statement VII)

The following table is an aged analysis of the accounts receivable, expressed in millions of United States dollars, included in Statement VII as at 31 December 1993:

	Less than one year	More than one year	Total
Staff members	0.1	-	0.1
Specialized agencies	1.1	-	1.1
Other	0.3	-	0.3
Total accounts receivable	1.5	-	1.5

(c) Accounts payable (Statement VII)

The following table is an analysis of the accounts payable, expressed in millions of United States dollars, appearing in Statement VII as at 31 December 1993:

Specialized agencies	0.2
Repatriation grants	0.2
Other	0.0
Prior years' obligations	1.4
Total accounts payable	1.8

(d) Commitments of $5,332,150 entered into prior to 31 December 1993, represent legal obligations for which disbursements will be made in the biennium 1994 - 1995 or in future bienniums.

Note 6. Trust funds

(a) Of the cash balance of US$65,958,588 the equivalent of US$162,260 is held in currencies classified as non-convertible.

(b) Accounts receivable (Statement VII)

The following table is an aged analysis of the accounts receivable, expressed in millions of United States dollars,

included in Statement VII as at 31 December 1993:

	Less than one year	More than one year	Total
Governments	0.0	-	0.0
Staff members	0.1	-	0.1
Specialized agencies	0.7	-	0.7
Other	0.5	-	0.5
Total accounts receivable	1.3	-	1.3

(c) Deferred charges (Statement VII)

The table below provides an analysis of the amount shown in Statement VII as deferred charges, expressed in millions of United States dollars, as at 31 December 1993:

Other	0.2

(c) Accounts payable (Statement VII)

The following table is an analysis of the accounts payable, expressed in millions of United States dollars, appearing in Statement VII as at 31 December 1993:

Repatriation grant	1.0
Prior years' obligations	0.7
Other	0.6
Total accounts payable	2.3

(e) Commitments of $3,045,720 entered into prior to 31 December 1993, represent legal obligations for which disbursements will be made in the biennium 1994-1995 or in future bienniums.

Note 7. UNDP

(a) Accounts receivable (Statement VII)

The following table is an aged analysis of the accounts receivable, expressed in millions of United States dollars, included in Statement VII as at 31 December 1993:

	Less than one year	More than one year	Total
Staff members	0.5	-	0.5
Other	0.8	-	0.8
Total accounts receivable	1.3	-	1.3

(b) Deferred charges (Statement VII)

The table below provides an analysis of the amount shown in Statement VII as deferred charges, expressed in millions of United States dollars, as at 31 December 1993:

IOV charges pending clearance	6.2
Other	(0.2)
Total deferred charges	6.0

(c) Accounts payable (Statement VII)

The following table is an analysis of the accounts payable, expressed in millions of United States dollars, appearing in Statement VII as at 31 December 1993:

Staff members	0.6
Specialized agencies	1.3
Other provisions	2.0
Prior years' obligations	4.2
Other	1.5
Total accounts payable	9.6

(d) Commitments of $8,283,433 entered into prior to 31 December 1993, represent legal obligations for which disbursements will be made in the biennium 1994-1995 or in future bienniums.

Note 8. VIC Catering Services (Annex II)

Contingency liabilities for termination benefits and indemnities amount to US$ 343,769.

Note 9. EDP Services Revolving Fund (Annex III)

Income previously earned under the EDP Services Revolving Fund is now credited against regular budget income. Expenditures reported in the current biennium are related to ongoing services and will continue to be charged to the fund until the Fund balance is exhausted.

Note 10. Computer Model for Feasibility Analysis and Reporting (COMFAR) Developing Fund (Annex IV)

Commitments of $148,004 entered into prior to 31 December 1993 represent legal obligations for which disbursements will be made in the biennium 1994-1995 or in future bienniums.

Annex II

SELF-LIQUIDATING COMMERCIAL ACTIVITIES

(in United States dollars)

I. VIC Catering Services

Statement of income and expenditure for the biennium 1992-1993

Income	
Gross sales	10,779,692
Less: Cost of goods sold	4,444,430
Net income from sales	6,335,262
Other income	569,934
Total income	6,905,196
Expenditure	
Personnel services	5,916,657
Other	1,060,503
Total expenditure	6,977,160
Excess (shortfall) of income over expenditure	(71,964)

Statement of assets and liabilities as at 31 December 1993

Assets	
Cash	701,943
Accounts receivable	116,421
Interest receivable	1,394
Inventory	74,837
Due from UNIDO General Fund	131,989
Total assets	1,026,584
Liabilities	
Accounts payable	206,130
Total liabilities	206,130
Fund balance	
Balance available 1 January 1992	565,442
Add: Reserve for termination benefits (note 8)	326,976
Add: Excess (shortfall) of income over expenditure	(71,964)
Balance available 31 December 1993	820,454

Annex II (cont'd)

II. VIC Garage Operation

Statement of income and expenditure for the biennium 1992-1993 as at 31 December 1993

Income	
Income from collection of fees	418,507
Other income	7,456
Total income	425,963
Expenditure	
Personnel services	307,063
Other	126,227
Total expenditure	433,290
Excess (shortfall) of income over expenditure	(7,327)

Statement of assets and liabilities as at 31 December 1993

Assets	
Due from UNIDO General Fund	109,804
Total assets	109,804
Liabilities and fund balance	
Accounts payable	8,787
Balance available 1 January 1992	108,344
Add: Excess of income over expenditure	(7,327)
Balance available 31 December 1993	101,017
Total liabilities and fund balance	109,804

Annex III

EDP SERVICES REVOLVING FUND

(In United States dollars)

I. Statement of income and expenditure for the biennium 1992-1993

Income (note 9)*	
Expenditure	
Salaries and other personnel costs	65,285
Total expenditure	65,285
Excess (shortfall) of income over expenditure	(65,285)

II. Statement of assets and liabilities as at 31 December 1993

Assets	
Due from General Fund	4,569
Total assets	4,569
Fund balance	
Balance available 1 January 1992	69,854
Add: net excess (shortfall) of income over expenditure	(65,285)
Balance available 31 December 1993	4,569
Total liabilities and Fund balance	4,569

* Refers to notes contained in annex I to the present document.

Annex IV

COMPUTER MODEL FOR FEASIBILITY ANALYSIS AND REPORTING (COMFAR)
DEVELOPING FUND

(In United States dollars)

I. Statement of income and expenditure for the biennium 1992-1993

Income	
Fees received from users	606,952
Miscellaneous	120,794
Total income	727,746
Expenditure	
Administrative costs	
Salaries and other personnel costs	231,830
Travel	20,959
Contractual services	37,338
Operating expenses	22,924
Acquisitions	7,206
Fellowships, grants, other	5,688
	325,945
Project costs	
Salaries and common staff costs	405,665
Acquisitions	16,383
	422,048
Project support costs	54,867
	476,915
Total expenditure	802,860
Excess (shortfall) of income over expenditure	(75,114)

II. Statement of assets and liabilities as at 31 December 1993

Assets	
Due from UNIDO General Fund	340,858
Total assets	340,858
Liabilities	
Unliquidated obligations	17,400
Total liabilities	17,400
Fund balance	
Balance available 1 January 1992	398,572
Add: net excess (shortfall) of income over expenditure	(75,114)
Balance available 31 December 1992	323,458

Annex V

ESTIMATES OF CONTINGENCY LIABILITIES FOR
END-OF-SERVICE PAYMENT FOR UNIDO STAFF

In accordance with the decision taken by the Panel of External Auditors in 1989 in Manila, UNIDO calculated that the following amounts would be required to cover the estimated costs of contingency liabilities for end-of- service payment as at 31 December 1993: regular budget - $57 million; operational budget - $9 million.

It should be noted that no budgetary provision has been made, except that in the case of operational budget as reflected in Statement VI of accounts (operating reserve), there was a contingency reserve of $5.5 million which has however been reduced during the biennium 1992-1993 to $1.9 million.